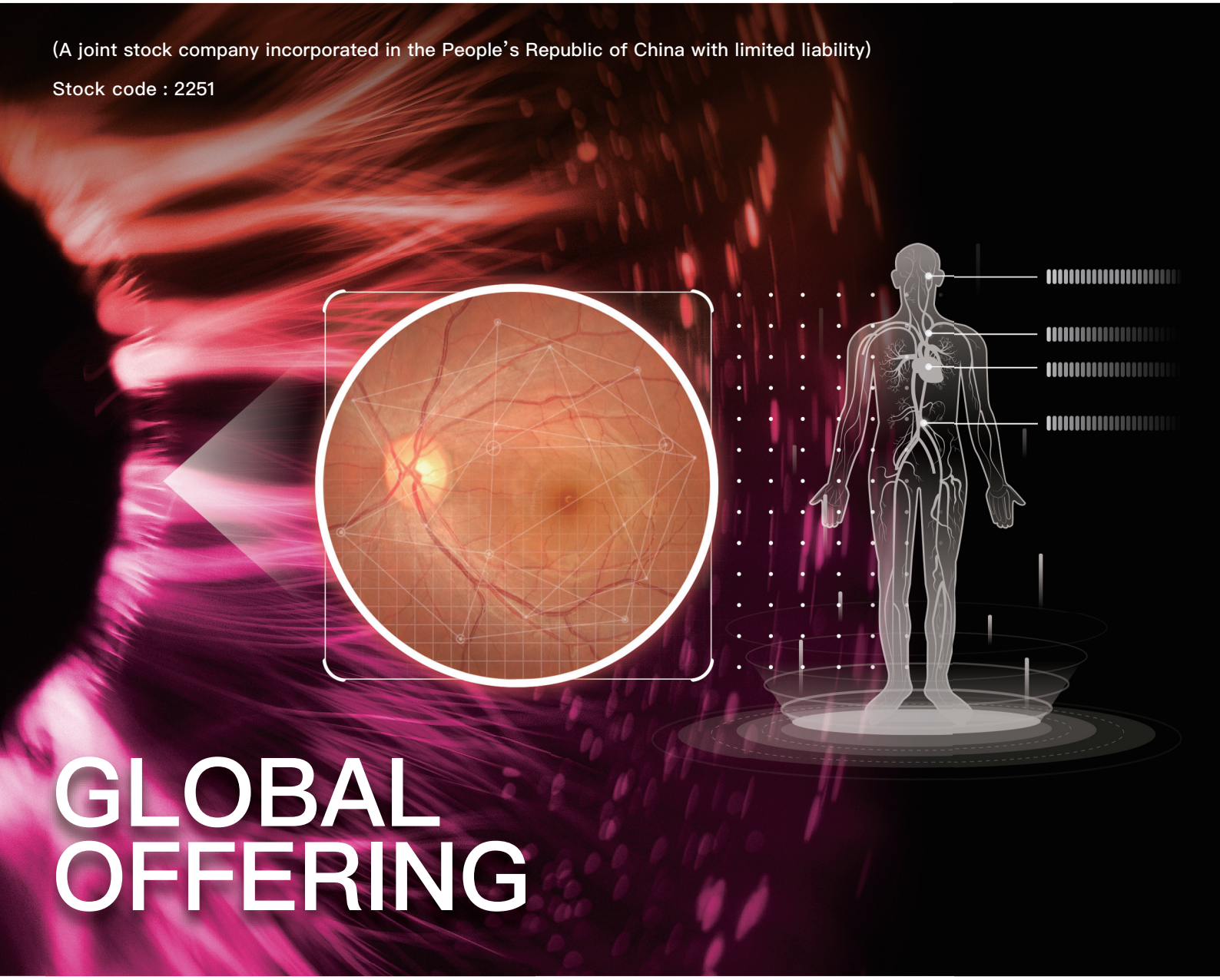
Airdoc 鷹瞳

Beijing Airdoc Technology Co., Ltd.
北京鷹瞳科技發展股份有限公司

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

Stock code : 2251



GLOBAL OFFERING

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

UBS 瑞銀集團

CITIC SECURITIES

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

CMBI 招銀国际

安信國際 ESSENCE INTERNATIONAL

海通國際 HAITONG

Joint Bookrunners and Joint Lead Managers

中国平安 平證證券 PA SECURITIES (HK)

FOSUN HANI 复星恒利

廣發証券(香港) GF SECURITIES (HONG KONG)

國都香港 GUODU HONG KONG

浦銀國際 SPDB INTERNATIONAL

IMPORTANT

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

Beijing Airdoc Technology Co., Ltd.
北京鷹瞳科技發展股份有限公司

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

GLOBAL OFFERING

Number of Offer Shares in the Global Offering	**:**	**22,267,200 H Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**2,226,800 H Shares (subject to adjustment)**
Number of International Offer Shares	**:**	**20,040,400 H Shares (subject to adjustment and the Over-allotment Option)**
Maximum Offer Price	**:**	**HK$81.30 per H Share, plus brokerage of 1%, Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.0027% (payable in full on application in Hong Kong Dollars and subject to refund)**
Nominal Value	**:**	**RMB1.00 per H Share**
Stock Code	**:**	**2251**

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

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平證證券 PA. SECURITIES (HK) FOSUN HANI 复星恒利 廣發証券(香港) GF SECURITIES (HONG KONG) 國都香港 GUODU HONG KONG 浦銀國際 SPDB INTERNATIONAL

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

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

The Offer Price is expected to be fixed by agreement between the Joint Representatives (on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or about Friday, October 29, 2021 and, in any event, not later than Monday, November 1, 2021. The Offer Price will be not more than HK$81.30 and is currently expected to be not less than HK$75.10. Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum offer price of HK$81.30 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 should be lower than HK$81.30. If, for any reason, the Joint Representatives (on behalf of the Underwriters) and us are unable to reach an agreement on the Offer Price, the Global Offering will not proceed and will lapse.

We are incorporated, and a majority part of our businesses are located, in the PRC. Potential investors should be aware of the differences in the legal, economic and financial systems between the PRC and Hong Kong and that there are different risk factors relating to investment in PRC-incorporated businesses. Potential investors should also be aware that the regulatory framework in the PRC is different from the regulatory framework in Hong Kong and should take into consideration the different market nature of the H Shares. Such differences and risk factors are set out in "Risk Factors," "Appendix IV — Summary of Principal Legal and Regulatory Provisions" and "Appendix V — Summary of the Articles of Association" in this prospectus.

The Joint Representatives (on behalf of the Underwriters, and with our consent) may reduce the number of Offer Shares and/or the indicative Offer Price range that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, a notice of the reduction in the number of Offer Shares and/or the indicative offer price range will be published on the website of the Stock Exchange at www.hkexnews.hk as well as our website www.airdoc.com not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Further details are set forth in the sections entitled "Structure of the Global Offering — Conditions of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus. If applications for Hong Kong Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offering, then such applications can be subsequently withdrawn if the number of Offer Shares and/or the indicative Offer Price range is so reduced.

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

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of U.S. persons, except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. The Offer Shares are being offered and sold (i) solely to QIBs as defined in Rule 144A pursuant to an exemption from registration under the Securities Act and (ii) outside the United States in offshore transactions in reliance on Regulation S to investors.

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 Stock Exchange at www.hkexnews.hk and our website at www.airdoc.com. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

October 26, 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 Stock Exchange at www.hkexnews.hk under the "*HKEXnews > New Listings > New Listing Information*" section, and our website at www.airdoc.com. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

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

(1) apply online via the **HK eIPO White Form** service in the **IPO App** (which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**) or at **www.hkeipo.hk**; or

(2) apply through 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 (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants through HKSCC's Customer Service Centre by completing an input request.

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

Tuesday, October 26, 2021 — 9:00 a.m. to 6:00 p.m.
Wednesday, October 27, 2021 — 9:00 a.m. to 6:00 p.m.
Thursday, October 28, 2021 — 9:00 a.m. to 6:00 p.m.
Friday, October 29, 2021 — 9:00 a.m. to 12:00 noon

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

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

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

Your application through the **HK eIPO White Form** service or the **CCASS EIPO** service must be for a minimum of 100 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.

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$
100	8,211.93	2,500	205,298.15	30,000	2,463,577.80	600,000	49,271,556.06
200	16,423.85	3,000	246,357.79	40,000	3,284,770.40	700,000	57,483,482.07
300	24,635.78	3,500	287,417.41	50,000	4,105,963.01	800,000	65,695,408.08
400	32,847.71	4,000	328,477.04	60,000	4,927,155.61	900,000	73,907,334.09
500	41,059.63	4,500	369,536.67	70,000	5,748,348.21	1,000,000	82,119,260.10
600	49,271.56	5,000	410,596.31	80,000	6,569,540.81	1,113,400[(1)]	91,431,584.19
700	57,483.49	6,000	492,715.56	90,000	7,390,733.41		
800	65,695.41	7,000	574,834.83	100,000	8,211,926.01		
900	73,907.34	8,000	656,954.08	200,000	16,423,852.02		
1,000	82,119.27	9,000	739,073.35	300,000	24,635,778.03		
1,500	123,178.89	10,000	821,192.60	400,000	32,847,704.04		
2,000	164,238.52	20,000	1,642,385.20	500,000	41,059,630.05		

(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.

Hong Kong Public Offering commences . . . . . 9:00 a.m. on Tuesday, October 26, 2021

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

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

(2) the designated website at **www.hkeipo.hk** . . . . . 11:30 a.m. on Friday, October 29, 2021

Application lists open[3] . . . . . 11:45 a.m. on Friday, October 29, 2021

Latest time for (a) completing payment for the **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s) and (b) giving **electronic application instructions to HKSCC**[4] . . . . . 12:00 noon on Friday, October 29, 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 Friday, October 29, 2021

Expected Price Determination Date[5] . . . . . Friday, October 29, 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 allocations of the Hong Kong Offer Shares to be published on the website of our Company at **www.airdoc.com** and the website of the Stock Exchange at **www.hkexnews.hk** on or before[6][7]	Thursday, November 4, 2021
Results of allocations in the Hong Kong Public Offering to be available through a variety of channels as described in the section headed "How to Apply for Hong Kong Offer Shares — (D) Publication of Results" in this prospectus from[7]	Thursday, November 4, 2021
Results of allocations in the Hong Kong Public Offering will be available at the "IPO Results" function in the **IPO App** or at **www.tricor.com.hk/ipo/result** or **www.hkeipo.hk/IPOResult** with a "search by ID" function[4][7]	Thursday, November 4, 2021
Dispatch of H Share certificates and **HK eIPO White Form** e-Auto Refund payment instructions/refund checks on or before[7][8]	Thursday, November 4, 2021
Dealings in the H Shares on the Stock Exchange expected to commence at[7]	9:00 a.m. on Friday, November 5, 2021

Notes:

(1) All dates and times refer to Hong Kong dates and times.

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

(3) If there is a "black" rainstorm warning signal, a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, October 29, 2021, the application lists will not open and close on that day. See the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

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

(5) The Price Determination Date is expected to be on or about Friday, October 29, 2021, and in any event, not later than Monday, November 1, 2021. If, for any reason, the Offer Price is not agreed between the Joint Representatives (for themselves and on behalf of the Underwriters) and us on or before Monday, November 1, 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) If there is a "black" rainstorm warning signal, a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong from Tuesday, October 26, 2021 to Friday, November 5, 2021, then the day of (i) announcement of the results of allocations under the Hong Kong Public Offering; (ii) dispatch of H Share certificates/e-Auto Refund payment instructions/refund checks; and (iii) dealings in the H Shares on the Stock Exchange may be postponed and an announcement may be made in such event.

(8) The H Share certificates will only become valid at 8:00 a.m. on the Listing Date, which is expected to be Friday, November 5, 2021, provided that the Global Offering has become unconditional in all respects at or before that time. Investors who trade H Shares on the basis of publicly available allocation details or prior to the receipt of the H Share certificates or prior to the H Share certificates becoming valid do so entirely at their own risk.

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

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

CONTENTS

IMPORTANT NOTICE TO INVESTORS

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

*You should rely only on the information contained in this prospectus and the **GREEN** Application Form to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Joint Sponsors, Joint Representatives, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers, any of the Underwriters, any of our or their respective directors, officers or representatives, or any other person or party involved in the Global Offering.*

CONTENTS

CONTENTS

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decided to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in "Risk Factors" of this prospectus. You should read that section carefully before you decide to invest in the Offer Shares. In particular, we are 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. There are unique challenges, risks and uncertainties associated with investing in companies such as ours. Your investment decision should be made in light of these considerations.

OVERVIEW

Founded in 2015, we are one of the first to provide AI-empowered retina-based non-invasive, fast, effective and scalable early detection, diagnosis and health risk assessment solutions in China, according to Frost & Sullivan. We have three versions of Airdoc-AIFUNDUS, our in-house developed Core Product, in our portfolio. Our Airdoc-AIFUNDUS (1.0), an AI-based Software as a Medical Device ("**SaMD**") approved for auxiliary diagnosis of diabetic retinopathy to assist physicians with medical diagnosis, was the first of its kind to obtain the Class III medical device certificate from the NMPA. We began to generate revenue from our Airdoc-AIFUNDUS (1.0) since the first quarter of 2021. Airdoc-AIFUNDUS (2.0) is indicated for the auxiliary diagnosis of hypertensive retinopathy, retinal vein occlusion and AMD. Airdoc-AIFUNDUS (3.0) is indicated for the auxiliary diagnosis of pathological myopia and retinal detachment. As of the Latest Practicable Date, we had not commenced clinical trials of Airdoc-AIFUNDUS (2.0) and Airdoc-AIFUNDUS (3.0), and had not received any objection notice from the NMPA to the commencement of the clinical trials of Airdoc-AIFUNDUS (2.0). We offer health risk assessment solutions with the ability to detect risk indicators in a wide range of healthcare environments, including health checkup centers, community clinics, insurance companies, optometry centers and pharmacies. In addition, we have a pipeline of seven other in-house developed SaMDs and health risk assessment solutions to address various healthcare needs for the wider population. As of the Latest Practicable Date, we owned 158 patents, patent applications and published PCT applications, among which 24 are related to our Core Product.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR CORE PRODUCT, AIRDOC-AIFUNDUS, OR OUR OTHER PRODUCTS

Airdoc-AIFUNDUS — Our Core Product

Airdoc-AIFUNDUS (1.0)

Our Airdoc-AIFUNDUS (1.0), an AI-based SaMD approved for auxiliary diagnosis of diabetic retinopathy, was the first AI-empowered retina-based auxiliary diagnosis product to obtain the Class III medical device certificate from the NMPA according to Frost & Sullivan, enabling it to be used in hospitals in China to assist physicians with medical diagnosis. Diabetic retinopathy is the most common complication for patients with diabetes. With the increasing prevalence of diabetes in China, the diabetic retinopathy patient population in China was 37.3 million in 2020 and is forecasted to reach 50.6 million in 2030 at a CAGR of 3.1% from 2020 to 2030. Because early stage diabetic retinopathy is often asymptomatic, approximately 90% diabetic retinopathy cases, or 33.6 million people, remain undiagnosed with a screening rate of less than 10% in China in 2020. Our Airdoc-AIFUNDUS (1.0) belongs to a small subset of AI-based retinal imaging market and we face fierce market competition in relation to Airdoc-AIFUNDUS (1.0). To date, we were one of the three NMPA-approved Class III AI-based SaMDs for the auxiliary diagnosis of diabetic retinopathy. As of the same date, IDx-DR and EyeArt are the only two AI-based SaMDs for auxiliary diagnosis of diabetic retinopathy approved by the FDA. In addition to the AI-based SaMDs approved by the relevant authorities, there were several AI-based retinal imaging products that are currently under development globally, primarily including four products in China and two products in United States or Canada. For details, see "Industry Overview — Competitive

Landscape." We have received the NMPA approval for our Airdoc-AIFUNDUS (1.0) in August 2020 and have just started commercialization of this product for a short period of time. We plan to market our Airdoc-AIFUNDUS (1.0) to medical institutions, including hospitals, community clinics and health checkup centers. We began to generate revenue from our Airdoc-AIFUNDUS (1.0) since the first quarter of 2021. As of the Latest Practicable Date, we had marketed and provided our Airdoc-AIFUNDUS (1.0) to 23 hospitals and three community clinics in China. For details of our commercialization strategy, see "Business — Sales and Marketing."

Airdoc-AIFUNDUS (2.0)

Our Airdoc-AIFUNDUS (2.0) is designed for the auxiliary diagnosis of hypertensive retinopathy, retinal vein occlusion and AMD. According to Frost & Sullivan, 13% hypertensive patients have hypertensive retinopathy in China. The hypertensive retinopathy patient population in China was 42.2 million in 2020 and is forecasted to reach 62.1 million in 2030. The retinal vein occlusion patient population in China was 6.7 million in 2020 and is forecasted to reach 9.5 million in 2030. The age-related macular degeneration patient population in China is forecasted to reach 52.3 million in 2030. As of the Latest Practicable Date, there were no NMPA-approved products similar to our Airdoc-AIFUNDUS (2.0). As of the same date, we were preparing for the clinical trial for our Airdoc-AIFUNDUS (2.0). We were in the process of communicating with the NMPA about our detailed clinical trial plan and protocols. We plan to commence our multi-center clinical trial in November 2021 and apply for a registration approval of new indications with the NMPA in the second quarter of 2022. We believe and Frost & Sullivan concurs, upon approval, our Airdoc-AIFUNDUS (2.0) has the potential to become the first AI-based auxiliary diagnosis SaMD in China with multiple approved indications. After obtaining the registration approval of new indications, we plan to market our Airdoc-AIFUNDUS (2.0) to cardiovascular, endocrinology, neurology and ophthalmology departments in hospitals to assist physicians with medical diagnosis. For details, see "Business — Our Portfolio — SaMDs for Detection and Diagnosis — Airdoc-AIFUNDUS — Our Core Product — Airdoc-AIFUNDUS (2.0)."

Airdoc-AIFUNDUS (3.0)

Our Airdoc-AIFUNDUS (3.0) is designed for the auxiliary diagnosis of pathological myopia and retinal detachment. The pathological myopia patient population in China was 22.6 million in 2020 and is forecasted to reach 32.3 million in 2030. The retinal detachment patient population in China reached 0.14 million in 2020 and is forecasted to reach 0.15 million in 2030. To date, there were no NMPA-approved products similar to our Airdoc-AIFUNDUS (3.0) which is designed for the auxiliary diagnosis of pathological myopia and retinal detachment. As of the Latest Practicable Date, we had finished the initial development of our Airdoc-AIFUNDUS (3.0). We plan to commence our multi-center clinical trial in October 2022 and apply for a registration approval of new indications with the NMPA in the first half of 2024. As of the Latest Practicable Date, there has not been any material communication between us and the NMPA. For details, see "Business — Our Portfolio — SaMDs for Detection and Diagnosis — Airdoc-AIFUNDUS — Our Core Product — Airdoc-AIFUNDUS(3.0)."

Individual Products

Glaucoma Detection SaMD

Our glaucoma detection SaMD is used to process and analyze fundus images to detect glaucoma by measuring the cup to disc ratio (the "**CDR**") of the optic disc. The number of patients with glaucoma in China was 20.0 million in 2020 and is expected to reach approximately 23.0 million in 2030. With satisfactory results from clinical evaluation, we have obtained a Class II medical device registration certificate in June 2020 from the Shanghai branch of the NMPA. We

have started commercialization of glaucoma detection SaMD for a short period of time and began to generate revenue from our glaucoma detection SaMD since February 2021. For details, see "Business — Our Portfolio — SaMDs for Detection and Diagnosis — Glaucoma Detection SaMD."

Cataracts Detection SaMD

Our cataracts detection SaMD is designed to detect early symptoms of cataracts by measuring the density of the lens of the eye. With the aging population in China, the number of cataracts patients is expected to increase to 237.6 million in 2030 in China. We had submitted the Class II medical device registration certificate application for our cataracts detection SaMD in April 2021.We aim to market our cataracts detection SaMD to ophthalmology departments of hospitals, ophthalmology specialist hospitals and community clinics. For details, see "Business — Our Portfolio — SaMDs for Detection and Diagnosis — Cataracts Detection SaMD."

Other SaMDs for Detection and Diagnosis

We are developing five other SaMDs for detection and auxiliary diagnosis, covering ICVD and ASCVD, gestational diabetic retinopathy, gestational hypertensive retinopathy, papilledema intracranial hypertension retinopathy and anemia based on our AI-empowered retina-based early detection, diagnosis and health risk assessment technology platform. We plan to apply for separate medical device registration certificate from relevant authorities for each of our SaMDs for detection and diagnosis.

As advised by our PRC Legal Advisors, medical institutions, rather than us, will be liable for misdiagnose or misuse of the medical institutions, as long as we fulfill the product specifications stated on individual registration certificate and regulated by applicable laws and regulations, such as the Good Manufacturing Practice for Medical Devices (《醫療器械生產管理規範》) and the Regulations on Supervision and Administration of Medical Devices (《醫療器械監督管理條例》), because our SaMDs are used for auxiliary diagnosis to help physicians make diagnosis rather than diagnosis. As confirmed by our PRC Legal Advisors, during the Track Record Period and up to the Latest Practicable Date, we were in compliance with the Good Manufacturing Practice for Medical Devices and the Regulations on Supervision and Administration of Medical Devices.

Health Risk Assessment Solutions

Our health risk assessment solutions aim to provide basic health assessment to users and enable detection of risk indicators, including retinal abnormalities, retinal vascular diseases, vitreous abnormalities, retinal tumors, optic nerve pathologies, macular diseases, congenital anomalies of the retina, cardiovascular diseases and anemia. Our health risk assessment solutions have an average AUC of 0.968, measured on large-scale real-world user data, demonstrating accuracy compared to ground truth established by real-life medical experts' diagnoses. Our health risk assessment solutions are different from our SaMDs for detection and diagnosis in terms of indications as well as sales and marketing strategies. As advised by our PRC Legal Advisors, unlike our SaMDs for detection and diagnosis, our health risk assessment solutions are not regulated as medical devices and no clinical trial, clinical evaluation or regulatory approval is required before commercialization of our health risk assessment solutions. During the Track Record Period, we marketed AI-based health risk assessment solutions to a wide range of customers, including health checkup centers, community clinics, insurance companies, optometry centers and pharmacies, and generated revenues of RMB21.9 million, RMB42.8 million, RMB6.0 million and RMB39.1 million, respectively for the years ended December 31, 2019 and 2020 and the six months ended June 30, 2020 and 2021. For details, see "Business — Our Portfolio — Health Risk Assessment Solutions."

As advised by our PRC Legal Advisors, we are not liable for misuse of the customers because our health risk assessment solutions are used for detecting risk indicators associated with a wide range of diseases and lesions.

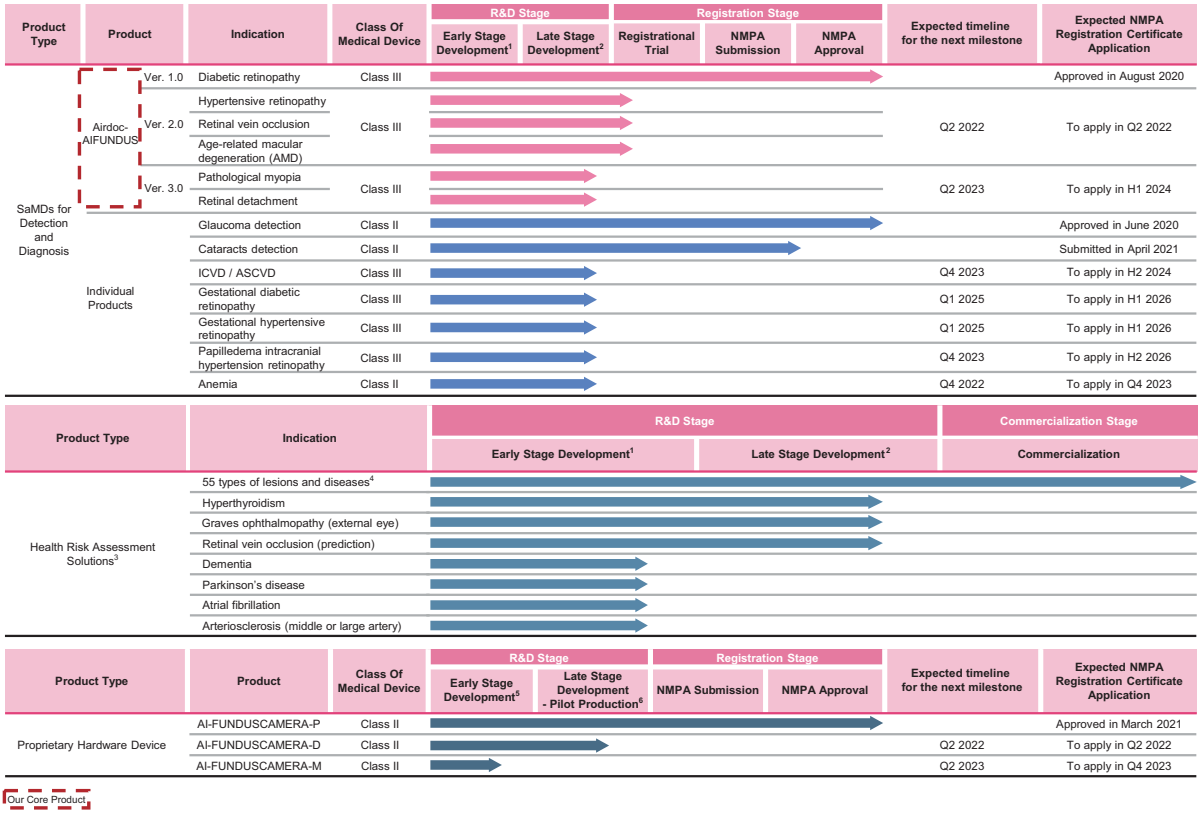
Proprietary Hardware Devices

We also have three in-house developed fundus cameras, which received a Class II medical device certificate or expect to receive Class II medical device certificate, compatible with our auxiliary diagnosis SaMDs and health risk assessment solutions and enabling us to provide integrated healthcare solutions that combine hardware and software. No clinical trial is required for the Class II medical device certificate of such hardware devices. For details, see "Business — Our Portfolio — Proprietary Hardware Devices."

OUR PRODUCT PORTFOLIO

We are an AI-based medical device company with an advanced platform of AI-empowered retina-based deep learning algorithms. Our capabilities span from research and development, registration to commercialization, proven by the launch of our proprietary Airdoc-AIFUNDUS (1.0). Leveraging our proprietary AI-based solutions, real-world database, software and hardware product offerings, multi-channel commercialization pathways and industry and regulatory understanding, we have developed and established high entry barriers as a first mover in the industry.

The following diagram sets forth key details of our portfolio as of the Latest Practicable Date:



1. Early stage development denotes the process of data collection, data labelling and model training
2. Late stage development denotes the process of data supplementation, algorithm training iteration and algorithm validation
3. No regulatory approval or registration is required for the sale of our health risk assessment solutions in consumer healthcare environments
4. During the Track Record Period, we offer health risk assessment solutions with the ability to detect risk indicators, including risk assessments of retinal abnormalities, retinal vascular diseases, vitreous abnormalities, retinal tumors, optic nerve pathologies, macular diseases, congenital anomalies of the retina, cardiovascular disease and anemia
5. Early stage development denotes the process of product planning, product definition, engineering verification and design verification
6. Pilot production denotes the process of production verification

SaMDs for Detection and Diagnosis

Airdoc-AIFUNDUS — Our Core Product

Our Airdoc-AIFUNDUS is an AI-based SaMD that uses sophisticated deep learning algorithms to accurately detect and diagnose chronic diseases from retinal images. We have three versions of Airdoc-AIFUNDUS in our portfolio. Each version of our Airdoc-AIFUNDUS belongs to a small subset of AI-based retinal imaging market and we face fierce market competition.

However, as advised by Frost & Sullivan, the market size of hypertensive retinopathy, pathological myopia and retinal detachment would not be affected by the number of patients that could have been diagnosed with diabetic retinopathy because they are four different chronic diseases with difference causes.

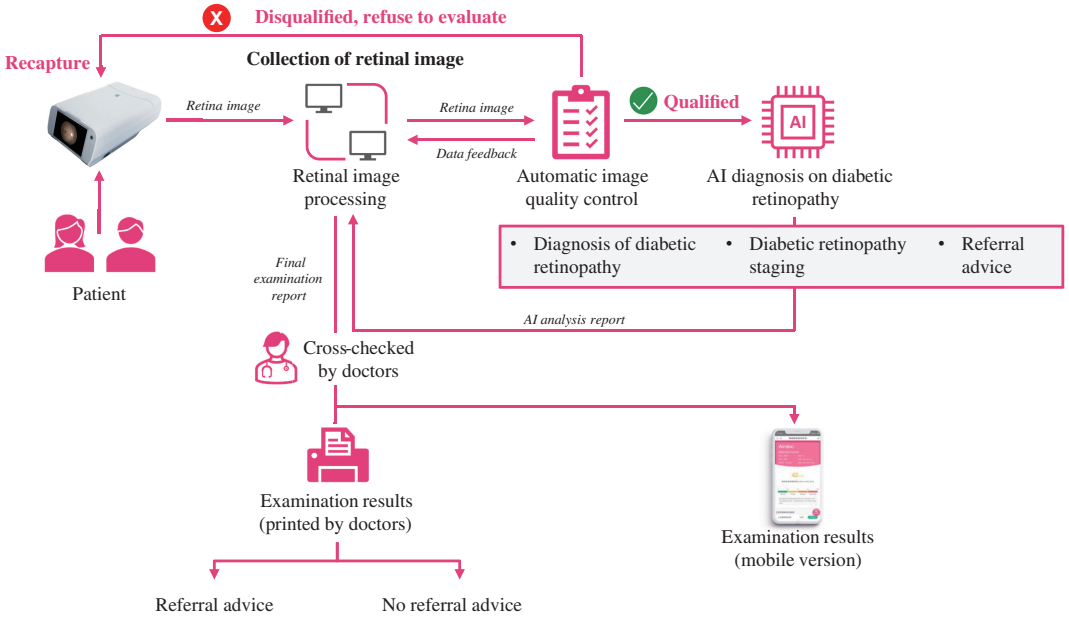
All of our SaMDs, including our Airdoc-AIFUNDUS, were developed or are being developed based on the same database, engineering infrastructure, including data labeling, data management, data ingestion, monitoring, and model interpretation. In particular, our other SaMDs share the same algorithms for image classification, object detection and semantic segmentation that we have developed for our Airdoc-AIFUNDUS. Semantic segmentation could cluster parts of an retinal image together which belongs to the same object class.

We have consulted with the relevant provincial branch of the NMPA on April 20, 2021, which has confirmed that (i) Airdoc-AIFUNDUS (1.0), Airdoc-AIFUNDUS (2.0) and Airdoc-AIFUNDUS (3.0) will be regulated as one product; (ii) Airdoc-AIFUNDUS (2.0) and Airdoc-AIFUNDUS (3.0) will be registered as an expansion of indications under the Class III registration certificate of Airdoc-AIFUNDUS (1.0), together with the modification documents, which indicate the expanded indications for Airdoc-AIFUNDUS (2.0) and Airdoc-AIFUNDUS (3.0), issued by the NMPA; and (iii) the clinical trial for Airdoc-AIFUNDUS (2.0) is required by the NMPA for the purpose of seeking approval for the modification application.

Our PRC Legal Advisors are of the view that (i) the relevant provincial branch of the NMPA is a competent authority to interpret the NMPA rules applicable to us and has the authority to provide the abovementioned confirmations; and (ii) the NMPA will issue the registration certificate of Airdoc-AIFUNDUS based on the assessment performed and submitted by the relevant provincial branch of the NMPA.

Our advantages for all three versions of Airdoc-AIFUNDUS include (i) the first NMPA-approved Class III AI-empowered retina-based auxiliary diagnosis product in China, (ii) well-validated technology presented through over 20 papers published on prestigious peer-reviewed scientific journals and presented at influential AI-focused academic conferences, (iii) multi-brand and multi-model fundus camera compatibility to maximize market opportunities, (iv) effective for wider population use leveraging training with data from 15 different institutions in China, and (v) automatic real-time imaging quality control because our Airdoc-AIFUNDUS has an automatic quality control function with multiple independent detectors for retinal area validation, focus, color balance and exposure. Traditionally, physicians in endocrinology department generally transferred patients with diabetes to ophthalmology department to conduct fundus examination for the detection and diagnosis of diabetic retinopathy. It is time-consuming for both the physicians and patients to diagnose such disease. In addition, it was difficult to expand the penetration of fundus images analysis and conduct fast, effective and scalable early detection and of chronic diseases in the past due to imbalanced allocation of medical resources and shortage of experienced physicians. We believe our AI-based early detection and diagnosis solutions could address the needs for affordable and highly-effective solutions for chronic diseases by enhancing diagnosis capabilities, improving treatment compliance, and offering non-invasive, accurate, fast, effective and scalable diagnosis solutions. For details, see "Business — Our Portfolio — SaMDs for Detection and Diagnosis — Airdoc-AIFUNDUS — Our Core Product — Our Advantages." Leveraging these advantages, we have established relationships with various national leading Grade III hospitals and Grade II hospitals and obtained initial purchase intention for Airdoc-AIFUNDUS (1.0) from approximately 200 hospitals covering 16 provinces. For details, see "— Recent Development — Commercialization of Airdoc-AIFUNDUS (1.0)."

The workflow of our Airdoc-AIFUNDUS involves three major steps: retinal image collection, image quality control and imaging analysis and classification. Retinal images are collected through a fundus camera connected to a computer, where our Airdoc-AIFUNDUS is installed. Our Airdoc-AIFUNDUS then uses deep learning algorithms to analyze the images and classify them by disease using complex computations that detect and analyze diseases and lesions. Upon completion of the analysis, a report is generated with the retinal images, examination results, disease progress and referral advice. Our solution will give referral advice for referable diseases. Our Airdoc-AIFUNDUS will generate a report with the retinal images, examination results, disease progress and referral advice for the purpose of early detection and diagnosis, and therefore the patients' compliance with the treatment plans following detection will not affect the success and value of our products. For details, see "Business — Our Portfolio — SaMDs for Detection and Diagnosis — Airdoc-AIFUNDUS — Our Core Product." The following diagram illustrates the clinical workflow of our Airdoc-AIFUNDUS.



OUR ADVANTAGES

As the AI-based medical imaging industry continues its rapid growth, we believe we are well-positioned to capture market opportunities and strengthen our leadership position with our product portfolio and technology platform.

- *Integrated software and hardware solutions.* We are one of the few in the industry that offer solutions that integrate hardware, software, algorithms and service together as one product. While our AI-based SaMDs are compatible with most fundus cameras on the market due to algorithms that are built-in to achieve high adaptability, we believe that our in-house developed hardware devices powered by on-device AI technologies provide an improved user experience, better algorithm optimization with our software by improving the accuracy and sensitivity, seamless end-to-end performance and cost-effectiveness that make us the solution-of-choice to customers.
- *In-house developed AI algorithms with broad applicability.* We have focused our resources on the development and optimization of AI algorithms, especially AI deep learning algorithms, since our inception. In the past six years of operations, we have accumulated deep expertise and have developed deep learning algorithms that are broadly applicable to detect and diagnose a wide range of chronic diseases. Our AI

algorithms allow the wide inputs from multi-brand and multi-model fundus camera, which enable our products to achieve high adaptability. Currently, our Airdoc-AIFUNDUS (1.0) is compatible with 30 models of designated fundus camera brands, compared with competitive SaMDs that can only be used with a few models of fundus camera. In addition, our AI algorithms have stable outputs as we include automatic quality control function in our algorithms which evaluates every image captured in real time and alerts users if image quality is sub-standard. For details, see "Business — Our Portfolio — SaMDs for Detection and Diagnosis — Airdoc-AIFUNDUS — Our Core Product — Our Advantages" and "Business — Our Portfolio — SaMDs for Detection and Diagnosis — Airdoc-AIFUNDUS — Our Core Product — How It Works." Moreover, we are expanding AI-empowered retina-based deep learning algorithms for applications, such as age prediction from retinal images and myopia progression detection, that has been previously untouched by AI.

- *Comprehensive and high-quality retinal image database.* Our database includes real-world user retinal images with their corresponding multimodal data of approximately 3.7 million, labeled by experienced medical experts and processed according to disease and lesion. Our database widely covers ages, genders, demographics, diseases, commercial channels and medical device models and has served as the foundation for our continued development and optimization of our deep learning algorithms to accurately pinpoint conditions related to chronic diseases, as well as our continued development.

- *Strong R&D team with full spectrum expertise.* As of the Latest Practicable Date, our R&D team consisted of over 80 members, all of whom hold bachelor's or higher degrees. Our R&D team has deep experience in AI technologies and medicine with a full spectrum of expertise across deep learning, medicine, computer vision, data analytics, Internet service, medical devices, biology and other disciplines. We have developed a robust IP portfolio covering key technologies for our software, hardware devices and algorithms and have over 20 papers published on prestigious peer-reviewed scientific journals. Moreover, the high performance of our products have been featured in various prestigious peer-reviewed scientific journals, including the Nature series.

- *Close collaboration with KOLs and major hospitals.* We have established solid relationships with renowned KOLs and major hospitals in China, enabling Airdoc-AIFUNDUS (1.0) to gain broad acceptance in medical institutions. In particular, we work closely with industry-leading clinical departments in top hospitals nationwide, and collaborate on key national R&D projects. For details of our collaborations, see "Business — Competitive Strengths — Multi-channel commercialization strategy with a diverse customer base to maximize market potential."

- *Multi-channel commercialization.* Our AI-based early detection, diagnosis and health risk assessment solutions are applicable and valuable in a wide range of healthcare environments, enabling us to commercialize and sell not only to clinical departments in hospitals, but also to other medical and consumer healthcare environments, including health checkup centers, community clinics, insurance companies, optometry centers and pharmacies. With these customers in mind, we have developed and optimized algorithms to address their needs and accommodate the unique features of their business with the support of our comprehensive database.

- *Regulatory barrier.* By participating in the establishment of AI industry standards and national standards for AI-based SaMDs, including the draft of the first classification guideline for AI-based SaMDs in China, we have a deep understanding of regulatory requirements and regulatory developments and changes. Leveraging our industry experiences and regulatory know-how, we implement a systematic research and

development strategy, which we believe enables us to continue to design and develop products that meet the evolving national standards and regulatory requirements, as well as rapidly advance our product candidates through the regulatory pathway. Our Airdoc-AIFUNDUS (1.0) was approved by the NMPA as an innovative medical device through a fast-tracked regulatory approval process.

COMPETITIVE STRENGTHS

We believe that the following are our competitive strengths and investment highlights: (i) market leader in providing AI-empowered retina-based early detection, diagnosis and health risk assessment solutions with significant entry barriers, (ii) Airdoc-AIFUNDUS (1.0), our Core Product, is clinically validated with a high performance, demonstrating significant market potential, (iii) comprehensive AI-based portfolio potentially addressing significant unmet market needs, (iv) integrated solutions combining in-house developed AI-based software and hardware, (v) strong research and development capabilities, (vi) multi-channel commercialization strategy with a diverse customer base to maximize market potential, and (vii) experienced and dedicated management team with strong support from our blue-chip investors.

With the approval of our Airdoc-AIFUNDUS (1.0), we have developed and established high entry barriers as a first mover in the AI-based medical imaging industry. However, the AI-based diabetic retinopathy screening market may have limited market potential and we are currently expanding our product portfolio to cover hypertensive retinopathy, retinal vein occlusion, AMD, pathological myopia and retinal detachment by advancing our Airdoc-AIFUNDUS (2.0) and Airdoc-AIFUNDUS (3.0). For details, see "Industry Overview — Market Potential by Disease Type."

BUSINESS STRATEGIES

We intend to implement a business strategy with the following components: (i) enhance market awareness and strengthen our presence in medical institutions, (ii) continue to expand our penetration in consumer healthcare environments tailored to the needs of end customers, (iii) rapidly advance the development of our portfolio to diversify our AI-empowered retina-based early detection, diagnosis and health risk assessment solutions, (iv) continue to invest in technology R&D to improve our deep learning algorithms, data capability and service scalability, and (v) strategically pursue collaboration, investment and acquisition opportunities to drive our long-term growth.

RESEARCH AND DEVELOPMENT

We focus on developing AI-empowered and retina-based technology to enhance our existing pipeline and to provide comprehensive and multi-faceted high-quality AI-based solutions for chronic disease early detection and diagnosis. Our software and hardware devices as well as algorithms are all in-house developed. We incurred research and development expenses of RMB41.2 million, RMB42.3 million, RMB17.2 million and RMB24.0 million in 2019 and 2020 and the six months ended June 30, 2020 and 2021, respectively, accounting for 60.3%, 49.2%, 51.4% and 33.0% of total research and development expenses, selling expenses and administrative expenses for the same periods, respectively. Our research and development costs for Core Product amounted to RMB35.4 million, RMB34.5 million, RMB15.7 million and RMB19.4 million in 2019 and 2020 and the six months ended June 30, 2020 and 2021, respectively, accounting for 54.3%, 42.6%, 48.4% and 35.5% of total cash operating costs for the same periods, respectively. For details, see "Financial Information — Liquidity and Capital Resources — Cash Operating Costs." As of the Latest Practicable Date, our R&D team consisted of over 80 members, all of whom hold bachelor's or higher degrees. Our R&D team has deep experience in AI technologies and medicine with a full spectrum of expertise across deep learning, medicine, computer vision, data analytics, Internet service, medical devices, biology and other disciplines. Our research and development

team is led by Dr. He Chao and Dr. Chen Yuzhong. See "Directors, Supervisors and Senior Management — Senior Management." The core members of our R&D team remained the same during the development of our Core Product.

The design and development process of our algorithms and products mainly includes product proposal application and review, product design and development, delivery and validation of design and development, and verification and registration of the product. Our product team designs the product candidate in terms of function, performance, usability and safety requirements, at the same time lists the development and delivery timeline. We will also conduct data labelling, deep learning algorithm design and training during prototyping stage. We will initiate clinical trials and various registration-related work streams if required before the launch of our products. We have currently established research and development collaborations with various reputable universities and hospitals for scientific research. We also collaborate with KOLs in different departments in hospitals, as well as KOLs in the health management field during our research and development.

COLLABORATION WITH OUR BUSINESS PARTNERS

We collaborated with reputable clinical trial institutions, which are mainly hospitals, to conduct clinical trials. Pursuant to the agreements with the clinical trial institutions, they are required to conduct the clinical trial, collect data, issue clinical trial reports at the end of clinical trial strictly in accordance with the protocol, and keep trial records. In addition, we will require clinical trial institutions to obtain consent from enrolled patients for using patients' personal information, mainly retinal images, during the clinical trials. As advised by our PRC Legal Advisors, clinical trial institutions are responsible for the storage of clinical trial data and records (including processed and unprocessed) pursuant to the GCP. Besides, according to the clinical trial agreements we have entered with the clinical trial institutions and our internal policies, we only have limited access to the clinical trial results and do not store the patients' retinal images collected during the clinical trials. We have adopted various measures to ensure our compliance to the applicable laws and regulations. For details, see "Business — Clinical Trials — Collaboration with Clinical Trial Institutions."

We collaborate with reputable CROs and CRCs to support our clinical trials. We will provide the product candidates for the clinical trial, while CROs will assist us in completing each step of the clinical trial. CRO is typically responsible for reviewing the clinical trial protocol and informed consent forms, assisting us in providing training to relevant researchers, establishing and managing the database, collecting case reports, and issuing the clinical trial reports. CRCs are not our employees. We typically engage third-party CRCs from reputable service providers. Our CRCs' work scope mainly includes managing clinical trial operations in accordance with standard operating procedures, assisting clinical data collection and input, coordination with the trial researchers, among others. Pursuant to the service agreements, our CRCs are required to strictly follow the clinical research plan and our requirements. Under the agreements between us and the CROs and the CRCs, we own all intellectual property and trial results and the CROs and the CRCs must maintain strict confidentiality with respect to the information they acquired during clinical trials. For details, see "Business — Clinical Trials — Relationships with CROs and CRCs."

MANUFACTURING

We do not operate any manufacturing facilities. We started pilot production of our AI-FUNDUSCAMERA-P in March 2020 to conduct quality and durability tests and commenced large-scale commercial production of it in April 2021. We expect to generate revenue from sales of our hardware devices in the third quarter 2021. We did not generate revenue from such pilot production. We engaged OEM service providers to manufacture our hardware devices. Pursuant to our agreements with these OEM service providers, they are responsible for assembling and ensuring the compliance with regulatory standards. In general, OEM service providers will provide

complimentary after-sales services to us within the warranty periods, except for those whose warranty periods have expired, in which case they may charge a service fee for the cost of their repair services. For details, see "Business — Manufacturing."

PRICING

For our provision of SaMDs or health risk assessment solutions, we charge our customers on a pay-per-use basis based on the actual amount of testing services we provided, or charge our customers a preset fee for a predetermined or unlimited amount of testing services during the subscription period pursuant to the service agreements with our customers. We generally set a fixed purchase price for each of our products sold in medical institutions or consumer healthcare environments, as applicable, and may offer certain discount for purchase of testing services in bulk. For our Airdoc-AIFUNDUS (1.0), we generally charge our customers for RMB40 to RMB70 per use and may offer certain discount for purchase in bulk. For our health risk assessment solutions, according to respective agreements we have entered into with our customers and our internal pricing policies, we generally charge our customers for RMB30 to RMB60 per use and may offer certain discount for purchase in bulk. We may sell our SaMDs or health risk assessment solutions as a standalone product or as a bundle with hardware developed by us or third parties. There is no significant difference between the pricing for each of our products under the above-mentioned two packages. During the Track Record Period, we also sold certain hardware devices, which are manufactured by third parties, to our customers. In some cases, we charged customers certain fees when we act as an agent and purchase certain hardware devices according to our customers' requirements. For details, see "Business — Sales and Marketing — Pricing."

SALES AND MARKETING

We have developed a flexible and multi-channel sales and marketing strategy to cover various commercialization pathways, which, we believe, will enable us to rapidly penetrate the market. During the Track Record Period, we primarily marketed and provided our health risk assessment solutions in a variety of healthcare environments, including hospitals, community clinics, health checkup centers, insurance companies, optometry centers and pharmacies. We intend to continue to offer our health risk assessment solutions, as well as commercialize our SaMDs, in hospitals, community clinics and health checkup centers, and have just started commercialization of Airdoc-AIFUNDUS (1.0) for a short period of time as of the Latest Practicable Date. The governmental authorities will issue a pricing guidance (the "**Pricing Guidance**"), being a pre-requisite for the public hospitals to set specific charging items for such medical service and charge patients accordingly. Such Pricing Guidance is not a pre-condition for us to sell and negotiate price of Airdoc-AIFUNDUS with hospitals. However, Pricing Guidance is able to help hospitals to make efficient decisions in the bidding/tender process because hospitals can more easily evaluate the return on investment with the specified price for such medical service, which we believe will largely facilitate our entrance into hospitals. As of the Latest Practicable Date, Pricing Guidance of fundus image analysis in large populations had been issued by local governmental authorities in five provinces pursuant to which Airdoc-AIFUNDUS can be utilized and we had marketed and provided our Airdoc-AIFUNDUS (1.0) to 23 hospitals and three community clinics in China. To date, two hospitals in Anhui have set the price for fundus image analysis at RMB140 and RMB180 per use according to Pricing Guidance issued in Anhui province, respectively, which will be charged by hospitals to patients. For price we charge to our customers, see "— Pricing" above. During the Track Record Period, we primarily offered our customers integrated solutions of software and hardware. We may from time to time provide our SaMDs to customers who already have compatible hardware devices and charge them separately, to promote our penetration in market. For details, see "Business — Sales and Marketing." To ensure and

monitor the proper use of our early detection, diagnosis and health risk assessment solutions, we provide after-sale service including customer services and technical supports regarding our solutions. For details, see "Business — Sales and Marketing — After-sale Service."

We also promote the awareness of our solutions through (i) providing training to our customers; (ii) partnership with hospitals and research institutions; and (iii) participating in the revision and update of the relevant industry standards. Particularly, to help operators of our solutions, such as physicians, sales in insurance companies, optometrists in optometry centers and sales in pharmacies, to use our solutions smoothly and accurately, we provide various trainings in relation to the operations, the mechanism and other information of our products to these operators, as well as further provide trainings in relation to medical background and clinical procedures for using our SaMDs to physicians which enable us to maintain good working relationships with our customers and operators, and help them familiarize with our products. We will provide standardized hardware and software operation training of retinal imaging according to the specific products to improve the abilities of reading retinal images and operating the fundus cameras of physicians at endocrinology department. For details, see "Business — Business Strategies — Enhance market awareness and strengthen our presence in medical institutions" and "Business — Sales and Marketing — Our Sales Strategy."

DATA PRIVACY AND PROTECTION

We have approximately 3.7 million real-world user retinal images with their corresponding multimodal data in our database. We collect and obtain consent from individuals directly or through our business partners for using individuals' personal information, mainly their retinal images, during our provision of AI-based solutions. According to the applicable PRC laws and regulation, our private policy and software usage agreements we entered into with individuals, we will bear the legal liabilities pertaining to our products and arising from data leakage as a result of our failure to fulfill the data policy when we collected data from individuals directly. We have entered into agreements with our business partners, which include terms that such business partners should be responsible for obtaining consent from individuals for the collection, utilization and storage of their retinal images. According to the individual agreements we have entered with our business partners, either our business partners alone, or our business partners and us will respectively bear the legal liabilities arising from data leakage. When our business partners and us respectively bears such liabilities, each of our business partners or us bears the legal liabilities, to the extent of the party is being at fault or negligence. For example, we will bear the legal liabilities arising from data leakage if our employees fail to comply with our internal data protection regime and intentionally reveal the data to third parties, or we fail to manage our data storage system properly. As confirmed by our PRC Legal Advisors, pursuant to current applicable PRC laws and regulations, ownership of personal information has yet to be defined. We do not own the data collected from individuals directly or through our business partners but enjoy certain utilization rights in relation to such data such as using and analyzing such data for algorithm development, which are protected by the relevant PRC laws and regulations. We will not pay our business partners separately for collecting such de-identified data as the collection of retinal images is the prerequisite for us to conduct analysis through our software products and further provide the electronic assessment reports to our business partners.

As confirmed by our PRC Legal Advisors, 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 on the basis that (i) we had obtained consent before collecting individuals' personal information, (ii) we used such individuals' personal information consistently with the consents obtained, (iii) we adopt various measures to protect such data from misusing, leaking and attacking, (iv) there is no cross-border data

transmission in our operations, and (v) we entered into agreements with our business partners in relation to the responsibilities and legal liabilities we and our business partners bear about data protection.

We adopt various measures to ensure our compliance with the applicable data privacy and protection laws and regulations in the PRC. We have established strict data protection policies to ensure that the collection, use, storage, transmission and dissemination of data are in compliance with applicable laws and prevalent industry practice. For details, see "Business — Data Privacy and Protection — Our Data Protection Policies." All of the 3.7 million retinal images in our database are without life cycles and will not be deleted. Except for that, we also have retinal images stored in another temporary data storage system that are carried with a life cycle set by our business partners which generally ranges from one day to one year and will be deleted in due course upon our business partners' requests. As of the Latest Practicable Date, we had approximately 65 thousand retinal images stored in such temporary data storage system. For these retinal images that have been set with a life cycle by our business partners, we are able to conduct further research and development work through online learning. In online learning, we can leverage data with life cycle to improve our algorithm. Such deleted data will not be used and cannot be used in our training of algorithms going forward since they have been completely deleted from our system. However, our Directors are of the view that such life cycle management did not and will not have a material impact on our training of algorithms as we have a large, comprehensive, and high-quality retinal image database which includes real-world user retinal images with their corresponding multimodal data of approximately 3.7 million. To achieve our goals towards data protection, we adopt advanced technologies which ensure the implementation of data protection policies. We have developed systems and a data safe house structure in accordance with the relevant data protection laws and regulations to ensure the data are well protected and can only be used under the restricted circumstances as set out in our internal policies. We also enter into confidentiality agreements or clauses with our employees or third-party business partners to protect data privacy. For details, see "Business — Data Privacy and Protection." However, we may still subject to certain risks in relation to the heightened regulations and market scrutiny, see "Risk Factors — Risks Relating to Extensive Government Regulations — Our business is subject to a variety of laws, rules, policies and other obligations regarding data protection. Any losses or unauthorized access to or releases of confidential information and data could subject us to significant reputational, financial, legal and operational consequences."

INTELLECTUAL PROPERTY

As of the Latest Practicable Date, we owned 152 patents and patent applications, including 34 issued patents and 118 patent applications in China, and six published PCT applications, among which 22 patents and patent applications and two published PCT applications are related to our Core Product. We also owned 50 issued software copyrights in China. During the Track Record Period and up to the Latest Practicable Date, we were not involved in any material proceedings in respect of, and we had not received notice of any material claims of infringement of any intellectual property rights, in which we may be a claimant or a respondent.

CUSTOMERS AND SUPPLIERS

For the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021, the aggregate revenue generated from our five largest customers represented 84.1%, 85.5% and 79.9% of our revenue, respectively. Revenues generated from our largest customer for the same periods represented 43.5%, 43.5% and 27.0% of our revenue, respectively. For details, see "Business — Customers" and "Risk Factors — Risks Relating to Commercialization, Sales and Distribution of Our Products — We rely on a limited number of major customers and there can be no assurance that these major customers will continue their purchases." Except for fellow

subsidiaries of our Shareholder, Ping An Healthtech, all of our other five largest customers during the Track Record Period are Independent Third Parties. For the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021, purchases from our five largest suppliers represented 92.1%, 70.4% and 70.7% of our purchases, respectively. Purchases from our largest supplier for the same periods represented 45.1%, 25.0% and 18.5% of our purchases, respectively. For details, see "Business — Our Suppliers and Procurement" and "Risk Factors — Risks Relating to Our Operations — We rely on a limited number of suppliers for procurement of fundus cameras and our raw materials. A significant interruption in the operations of our suppliers could potentially affect our operations and any material misconduct or disputes against our suppliers could potentially harm our business and reputation."

Saved as disclosed above, as of the Latest Practicable Date, none of our Directors, their associates or any shareholders which, to the knowledge of our Directors, owned more than 5% of the issued share capital of the Company as of the Latest Practicable Date, had any interest in any of our five largest customers or suppliers during the Track Record Period.

RISK FACTORS

We are seeking to list on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules. There are unique challenges, risks and uncertainties associated with investing in companies such as ours, including the following: (i) we may not be able to achieve the anticipated revenue of our AI-based early detection, diagnosis and health risk assessment solutions; (ii) our financial prospects depend substantially on the success of our product portfolio; (iii) our portfolio may not be able to achieve market recognition and acceptance for commercial success; (iv) we face substantial competition from other AI-based retinal imaging companies and potential competitors; (v) we have relatively limited experience in marketing and sales of our Core Product; (vi) our business is subject to a variety of laws, rules, policies and other obligations regarding data protection. Any losses or unauthorized access to or releases of confidential information and data could subject us to significant reputational, financial, legal and operational consequences; (vii) we have incurred significant net losses since our inception, and may continue to incur net losses for the foreseeable future; (viii) we may be unable to obtain and maintain effective patent and other intellectual property rights for our products and pipeline products, and the scope of such intellectual property rights obtained may not be sufficiently broad; (ix) intellectual property rights do not necessarily protect us from all potential threats to our competitive advantage; and (x) we may be subject to intellectual property infringement or misappropriation claims by third parties, which may force us to incur substantial legal expenses and, if determined adversely against us, could disrupt our business. See "Risk Factors" of this prospectus for details of our risk factors, which you should read carefully and in full before you decide to invest in the Offer Shares.

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Immediately following completion of the Global Offering and assuming that the Over-allotment Option is not exercised, Mr. Zhang, Mr. Chen, Mr. Gao and Airdoc Universe will be regarded as our Single Largest Group of Shareholders and entitled to exercise the voting rights attaching to approximately 24.50% of the total issued Shares of our Company. For further details, see "Substantial Shareholders."

PRE-IPO INVESTORS

Since the establishment of our Company, we have received several rounds of Pre-IPO Investments. Our Pre-IPO Investors include certain Sophisticated Investors, such as dedicated healthcare funds and biotech funds and major healthcare companies. For further details of the identity and background of our Pre-IPO Investors, and the principal terms of the Pre-IPO Investments, see "History and Corporate Structure — Pre-IPO Investments."

SUMMARY OF KEY FINANCIAL INFORMATION

Summary of Consolidated Statements of Profit or Loss and Other Comprehensive Income

	Year Ended December 31,		Six Months Ended June 30,	
	2019	2020	2020	2021
			(Unaudited)	
		(RMB'000)		
Revenue	30,415	47,672	6,511	49,477
Cost of sales	(14,308)	(18,585)	(8,000)	(17,774)
Gross profit/(loss)	16,107	29,087	(1,489)	31,703
Other income	6,145	5,012	2,658	4,063
Research and development expenses	(41,212)	(42,309)	(17,228)	(24,005)
Selling expenses	(13,132)	(25,801)	(8,832)	(23,602)
Administrative expenses	(14,049)	(17,902)	(7,460)	(25,211)
Loss from operations	(46,141)	(51,913)	(32,351)	(37,052)
Finance costs	(46)	(22)	(9)	(102)
Changes in the carrying amount of financial instruments issued to investors	(40,945)	(27,316)	(16,300)	—
Loss before taxation	(87,132)	(79,251)	(48,660)	(37,154)
Income tax	(7)	(375)	(115)	(336)
Loss for the year/period	(87,139)	(79,626)	(48,775)	(37,490)
Attributable to:				
Equity shareholders of the Company	(87,138)	(80,064)	(49,523)	(37,597)
Non-controlling interests	(1)	438	748	107

We have not been profitable and incurred a net loss in each period comprising the Track Record Period. Our net losses during the Track Record Period were mainly attributable to research and development expenses in relation to R&D of our product candidates, as well as general and administrative expenses including employee benefits expenses. Our net losses during the Track Record Period were also attributable to changes in the carrying amount of financial instruments issued to investors pursuant to a series of equity financings. For details, see "Financial Information — Description of Certain Consolidated Statements of Financial Position Items — Financial Instruments Issued to Investors."

During the Track Record Period, we generated revenue from (i) provision of AI-based software solutions; (ii) sales of hardware devices; and (iii) other services, primarily including procurement services and software development services. The following table sets forth a breakdown of our revenue for the periods indicated:

	Year ended December 31,				Six months ended June 30,			
	2019		2020		2020		2021	
					(Unaudited)			
	(RMB'000, except for percentages)							
Provision of AI-based software solutions								
Health risk assessment solutions	21,851	71.8%	42,848	89.9%	5,958	91.5%	39,087	79.0%
Airdoc-AIFUNDUS (1.0)	—	—	—	—	—	—	3,513	7.1%
Subtotal	21,851	71.8%	42,848	89.9%	5,958	91.5%	42,600	86.1%
Sales of hardware devices	3,335	11.0%	3,340	7.0%	421	6.5%	6,001	12.1%
Other services								
Software development services	1,719	5.7%	531	1.1%	—	—	603	1.2%
Procurement services	3,510	11.5%	953	2.0%	132	2.0%	273	0.6%
Subtotal	5,229	17.2%	1,484	3.1%	132	2.0%	876	1.8%
Total	30,415	100.0%	47,672	100.0%	6,511	100.0%	49,477	100.0%

Summary of Consolidated Statements of Financial Position

	As of December 31,		As of June 30,
	2019	2020	2021
		(RMB'000)	
Non-current assets			
Property, plant and equipment	6,230	23,247	35,300
Other financial assets	—	3,607	3,607
	6,230	26,854	38,907
Current assets			
Inventories	—	3,559	3,451
Trade receivables	16,512	19,545	25,857
Deposits, prepayments and other receivables	40,880	11,097	33,167
Cash and cash equivalents	85,336	374,698	575,285
Other financial assets	90,411	—	—
	233,139	408,899	637,760

	As of December 31,		As of June 30,
	2019	2020	2021
		(RMB'000)	
Current liabilities			
Trade and other payables	21,771	16,665	28,914
Contract liabilities	6,136	7,332	8,112
Lease liabilities	519	519	3,325
Current taxation	7	382	716
Financial instruments issued to investors	368,038	—	—
	396,471	24,898	41,067
Net current (liabilities)/assets	(163,332)	384,001	596,693
Total assets less current liabilities	(157,102)	410,855	635,600
Non-current liabilities			
Lease liabilities	—	—	1,722
Deferred income	2,242	2,405	2,405
	2,242	2,405	4,127
Net (liabilities)/assets	(159,344)	408,450	631,473
Capital and reserves			
Issued capital	11,888	75,000	78,981
Reserves	(171,255)	333,212	552,492
Total (deficit)/equity attributable to equity shareholders of the Company	(159,367)	408,212	631,473
Non-controlling interests	23	238	—
Total (deficit)/equity	(159,344)	408,450	631,473

We recorded net current liabilities of RMB163.3 million and net liabilities of RMB159.3 million as of December 31, 2019, mainly attributable to our financial instruments issued to investors of RMB368.0 million as of December 31, 2019 representing the changes in carrying amount of the shares issued pursuant to a series of equity financings we had during the Track Record. We had net current assets of RMB384.0 million as of December 31, 2020, as compared to net current liabilities of RMB163.3 million as of December 31, 2019. The change was primarily due to (i) a decrease in financial instruments issued to investors, and (ii) an increase of RMB289.4 million in cash and cash equivalents, partially offset by a decrease of RMB90.4 million in other financial assets current portion due to our disposal of wealth management products in 2020. For details, see "Financial Information — Description of Certain Consolidated Statements of Financial Position Items — Financial Instruments Issued to Investors."

While we had net operating cash outflows and net losses during the Track Record Period, we believe our liquidity requirements will be satisfied by using funds from a combination of cash from operations and net proceeds from the Global Offering. Our Directors are of the opinion that, taking into account (i) the financial resources available to our Group, including cash and cash equivalents of RMB221.3 million as of August 31, 2021, available financing facilities and the estimated net proceeds from the Listing; and (ii) our cash burn rate, we have sufficient working capital to cover at least 125% of our costs, including research and development expenses, general and administrative expenses, finance costs and other expenses for at least the next 12 months from the date of this prospectus.

Our cash burn rate refers to our cash and cash equivalents balance divided by average monthly net cash used in operating activities plus payments for property, plant and equipment. Assuming that the average cash burn rate going forward of three times the level in 2020 and the first six months in 2021, we estimate that our cash and cash equivalents as of June 30, 2021 will be able to maintain our financial viability for 29 months or, if we also take into account 10.0% of the estimated net proceeds (based on the low end of the indicative Offer Price) from the Listing, which will be used for our working capital and general corporate purposes, 36 months. Our Directors and our management team will continue to monitor our working capital, cash flows, and our business development status and expect to raise our next round of financing, if needed, with a minimum buffer of 12 months.

Summary of Consolidated Statements of Cash Flows

	Year Ended December 31,		Six Months Ended June 30,	
	2019	2020	2020	2021
			(Unaudited)	
		(RMB'000)		
Cash flows from operating activities before movement in working capital	(44,744)	(39,097)	(26,807)	(32,586)
Changes in working capital	(13,952)	(3,759)	6,453	(6,866)
Net cash used in operating activities	(58,696)	(42,856)	(20,354)	(39,452)
Net cash (used in)/generated from investing activities	(26,708)	91,695	(42,873)	(10,642)
Net cash generated from financing activities	61,397	240,633	(264)	250,849
Net (decrease)/increase in cash and cash equivalents	(24,007)	289,472	(63,491)	200,753
Cash and cash equivalents at beginning of year/period	109,001	85,336	85,336	374,698
Effect of foreign exchange rate changes	342	(110)	(33)	(166)
Cash and cash equivalents at end of year/period	85,336	374,698	21,812	575,285

During the Track Record Period, we incurred negative cash flows from our operations, primarily resulted from the costs in relation to our research and development, selling and operations. In view of our net operating cash outflows throughout the Track Record Period, we plan to improve such position by (i) rapidly advancing our pipeline products towards commercialization; (ii) implementing our commercialization strategy to generate more revenue; and (iii) adopting comprehensive measures to effectively control our cost and operating expenses leveraging our economies of scale. For details, see "Financial Information — Liquidity and Capital Resources — Cash Flows — Operating Activities."

Key Financial Ratios

In 2019 and 2020 and the six months ended June 30, 2021, our gross profit margin was 53.0%, 61.0% and 64.1%, respectively. For details, see "Financial Information — Results of Operations." Current ratio increased from 0.6 times as of December 31, 2019 to 16.4 times as of December 31, 2020 mainly due to our significantly increased current assets. The increase was primarily in relation to (i) an increase in our cash and cash equivalents attributable to proceeds we received from a series of equity financings in 2020; and (ii) a decrease in financial instruments issued to investors because these financial instruments were all reclassified from financial liabilities to equity. Current ratio decreased from 16.4 times as of December 31, 2020 to 15.5 times as of June 30, 2021, which was mainly due to our increased trade and other payables attributable to the accrued listing expenses in 2021.

GLOBAL OFFERING STATISTICS

The statistics in the following table are based on the assumptions that 22,267,200 H Shares will be issued pursuant to the Global Offering, 3,666,918 Unlisted Foreign Shares will be converted into H Shares and the Over-allotment Option is not exercised:

	Based on an Offer price of HK$75.10 per Share	Based on an Offer price of HK$81.30 per Share
Market capitalization of our Shares[(1)]	HK$7,778 million	HK$8,420 million
Market capitalization of our H Shares[(2)]	HK$1,948 million	HK$2,108 million
Unaudited *pro forma* adjusted consolidated net tangible assets per Share[(3)(4)]	HK$22.53	HK$23.81

(1) The calculation of market capitalization is based on 103,568,013 Shares expected to be in issue immediately upon completion of the Global Offering.

(2) The calculation of the market capitalization of our H Shares is based on the 25,934,118 H Shares, comprising 22,267,200 H Shares to be issued under the Global Offering and 3,666,918 H Shares to be converted from Unlisted Foreign Shares, expected to be in issue immediately upon completion of the Global Offering.

(3) The unaudited pro forma consolidated adjusted net tangible assets attributable to equity shareholders of the Company per Share is arrived at after adjusting referred to in the preceding paragraphs and on the basis that a total of 103,568,013 Shares were in issue assuming that the Global Offering had been completed on June 30, 2021, but not taking into account of the exercise of the Over-allotment Option and excluding any shares which may be issued or repurchased by the Company pursuant to the general mandates. The unaudited pro forma consolidated adjusted net tangible assets attributable to Shareholders of the Company per Share is converted into Hong Kong dollars at an exchange rate of HK$1.2098 to RMB1.

(4) No adjustment has been made to the unaudited pro forma consolidated adjusted net tangible assets attributable to Shareholders of the Company to reflect any trading results or other transactions of the Group subsequent to June 30, 2021.

DIVIDENDS

No dividend was paid or declared by the Company during the Track Record Period. The determination of whether to pay a dividend and in which amount is based on factors the Board may deem relevant. Any dividend distribution will also be subject to the approval of the Shareholders in the Shareholder's meeting. Under the PRC law and the Articles of Association, the general reserve requires annual appropriations of 10% of after-tax profits at each year-end until the balance reaches 50% of the relevant PRC entity's registered capital. In view of our accumulated losses, as advised by our PRC Legal Advisors, according to the relevant PRC laws and regulations and the Articles of Association, we shall not declare or pay dividend until the accumulated losses are covered by our after-tax profits and sufficient statutory common reserve are drawn in accordance with the relevant laws and regulations.

FUTURE PLANS AND USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$1,632.7 million, after deducting underwriting commissions, fees and estimated expenses payable by us in connection with the Global Offering, and assuming an Offer Price of HK$78.20 per Share, which is the mid-point of the indicative Offer Price range stated in this prospectus. We intend to apply these net proceeds for the following purposes: (i) approximately 50.0%, or HK$816.3 million, will be allocated to continue to optimize, develop and commercialize Airdoc-AIFUNDUS, our Core Product; (ii) approximately 19.0%, or HK$310.2 million, will be used to fund the research and development and manufacturing of our hardware devices; (iii) approximately 10.0%, or HK$163.3 million, will be used to fund the ongoing and future research and development of our health risk assessment solutions; (iv) approximately 6.0%, or HK$98.0 million, will be used for the development of our portfolio to diversify our AI-empowered retina-based early detection, diagnosis and health risk assessment solutions; (v) approximately 5.0%, or HK$81.6 million, will be used to fund our collaborations with academic and research

institutions on joint research projects; and (vi) approximately 10.0%, or HK$163.3 million, will be used for our working capital and general corporate purposes. See "Future Plans and Use of Proceeds."

LISTING EXPENSES

Listing expenses to be borne by us are estimated to be approximately RMB89.8 million (including underwriting-related expenses of approximately RMB51.3 million, and non-underwriting related expenses of approximately RMB38.5 million which consist of fees and expenses of legal advisors and accountants of approximately RMB25.8 million and other fees and expenses of approximately RMB12.7 million, assuming an Offer Price of HK$78.20 per H Share, which is the mid-point of the indicative Offer Price range stated in this prospectus and assuming that the Over-allotment Option is not exercised), of which approximately RMB9.1 million is expected to be charged to our consolidated statements of profit or loss and other comprehensive income, and approximately RMB80.7 million is expected to be accounted for as a deduction from equity upon the Listing. During the Track Record Period, we incurred listing expenses of RMB2.8 million. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate. Our listing expenses as a percentage of gross proceeds is 6.2%, assuming an Offer Price of HK$78.20 per H Share, which is the mid-point of the indicative Offer Price range stated in this prospectus and assuming that the Over-allotment Option is not exercised. Our Directors do not expect such listing expenses to have a material adverse impact on our results of operations for the year ending December 31, 2021.

RECENT DEVELOPMENTS

Since the end of the Track Record Period, we have continuously developed our business, we have continued the clinical development of and will seek regulatory approval for our product candidates.

Commercialization of Airdoc-AIFUNDUS (1.0)

We received the Class III medical device registration certificate from the NMPA in August 2020 and began to implement our commercialization strategy for Airdoc-AIFUNDUS (1.0) since then. We plan to market Airdoc-AIFUNDUS (1.0) to medical institutions, including hospitals, community clinics and health checkup centers. In March 2021, we entered into a sales contract with respect to the sales of our Airdoc-AIFUNDUS (1.0) with a hospital in Tianjin. For the six months ended June 30, 2021, we recorded a revenue of approximately RMB3.5 million for the sales of our Airdoc-AIFUNDUS (1.0). As of the Latest Practicable Date, we had just started commercialization of our Airdoc-AIFUNDUS (1.0) for a short period of time and we had marketed and provided our Airdoc-AIFUNDUS (1.0) to 23 hospitals and three community clinics in China. As of the same date, Pricing Guidance of fundus image analysis in large populations had been issued by local governmental authorities in five provinces, including Hebei, Shandong, Shanxi, Anhui and Jiangsu provinces, pursuant to which Airdoc-AIFUNDUS can be utilized. We currently have established relationships with various Grade III hospitals and Grade II hospitals and obtained initial purchase intention from approximately 200 hospitals covering 16 provinces. For details of our commercialization strategy, see "Business — Sales and Marketing."

Impact of the COVID-19 Outbreak

Since late 2019 and early 2020, COVID-19 quickly spread globally. The World Health Organization declared the COVID-19 outbreak as a global pandemic on March 11, 2020. We have employed various measures to mitigate any impact the COVID-19 outbreak may have on our operations in China or the development of our product candidates, including offering personal protection equipment such as masks to our employees, regularly check the body temperature of our employees and closely monitoring their health conditions.

The provision of AI-based software solutions and sales of hardware devices in China for the first quarter of 2020 have been affected by the COVID-19 pandemic, which had ramped up after the second quarter of 2020 as COVID-19 pandemic was gradually alleviated. The revenue generated from provision of AI-based software solutions amounted to RMB6.0 million in the six months ended June 30, 2020, accounting for approximately 13.9% of our total revenue from the provision of AI-based software solutions in 2020. The revenue generated from sales of hardware devices amounted to RMB0.4 million in the six months ended June 30, 2020, accounting for approximately 12.6% of our total revenue from the sales of hardware devices in 2020.

Our Directors believe that, based on information available as of the Latest Practicable Date, the outbreak of COVID-19 did not and is not expected to result in a material disruption to our business operations or have any material impact on our clinical trial progress and expected regulatory approval submission timeline, because (i) none of our offices are located in regions under lockdown; (ii) our operations have not experienced any material disruption since the outbreak of the COVID-19 pandemic; (iii) we have not experienced any material disruption since the outbreak of the COVID-19 pandemic for our clinical activities, such as patient recruitment, clinical trials and pre-clinical research and development; (iv) most of our employees do not reside in regions under lockdown; (v) hospitals and healthcare-related companies such as health checkup centers, insurance companies and optometry centers have gradually resumed full services; and (vi) although we experienced approximately up to six months delays in supply of some raw materials from third-party suppliers since the outbreak of the COVID-19 pandemic, we do not consider such delays to be material as we prepare sufficient supplies in advance. We cannot guarantee that the outbreak of COVID-19 will not further escalate or have a material adverse effect on our business operations going forward. In addition, with the emergence of COVID-19 variants like the Delta variant in the first quarter of 2021, the duration and extent of the pandemic remain uncertain. Please also see "Risk Factors — Risks Relating to Our Operations — We face risks related to natural disasters, health epidemics, civil and social disruption and other outbreaks, which could significantly disrupt our operations. In particular, the COVID-19 outbreak in PRC and worldwide has adversely affected, and may continue to adversely affect PRC's economy, which in turn may have a material adverse impact on our business, results of operations and financial condition."

We expect to incur increased net loss in 2021, primarily attributable to the significant operating expenses, including research and development expenses, selling expenses and administrative expenses, as a result of the increased number of staff, expansion of research and development activities, supports to commercialization plan, as well as one-off listing expenses.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, save as disclosed above, as far as they are aware, there had been no material adverse change in our financial, trading position or prospects since June 30, 2021, being the last balance sheet date of our consolidated financial statements as set out in "Appendix I — Accountants' Report" of this prospectus, up to the date of this prospectus.

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

"Airdoc Beijing"	Beijing Airdoc Health Technology Co., Ltd.* (北京鷹瞳健康科技有限公司), a company established in the PRC with limited liability on August 30, 2018 and an indirect wholly owned subsidiary of our Company
"Airdoc Guangzhou"	Guangzhou Airdoc Medical Technology Co., Ltd.* (廣州鷹瞳醫療科技有限公司), a company established in the PRC with limited liability on August 22, 2017 and a wholly owned subsidiary of our Company
"Airdoc HK"	Airdoc Technology (HK) Limited, a company incorporated in Hong Kong with limited liability on February 26, 2020 and a wholly owned subsidiary of our Company
"Airdoc Intelligence"	Beijing Airdoc Intelligence Technology Co., Ltd.* (北京鷹瞳智能科技有限公司), a company established in the PRC with limited liability on October 14, 2021 and a wholly owned subsidiary of our Company
"Airdoc Shanghai"	Shanghai Airdoc Medical Technology Co., Ltd.* (上海鷹瞳醫療科技有限公司), a company established in the PRC with limited liability on July 26, 2017 and a wholly owned subsidiary of our Company
"Airdoc Universe"	Beijing Airdoc Universe Technology Center L.P.* (北京鬱金香宇宙科技中心(有限合夥)), a limited partnership established in the PRC on February 22, 2016 and an employee incentive platform of our Group
"Articles of Association" or "Articles"	the articles of association of the Company adopted on May 12, 2021 which will become effective upon the Listing Date, as amended from time to time, a summary of which is set out in Appendix V to this prospectus
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board" or "Board of Directors"	the board of Directors of our Company

"Business Day" or "business day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong and any day on which tropical cyclone warning no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
"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 participant or a general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"**CCASS EIPO**"	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account through causing HKSCC Nominees to apply on your behalf, including by (i) instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, or (ii) if you are an existing CCASS Investor Participant, giving **electronic application instructions** through the CCASS Internet System (**https://ip.ccass.com**) or through the CCASS Phone System (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input electronic application instructions for CCASS Investor Participants through HKSCC's Customer Service Centre by completing an input request
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual, joint individuals or a corporation
"CCASS Operation Procedures"	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operation 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, but for the purpose of this prospectus and for geographical reference only and except where the context requires, references in this prospectus to "China" and the "PRC" do not include Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"CNIPA"	the National Intellectual Property Administration of the PRC (國家知識產權局)
"Co-Founders"	Mr. Gao and Mr. Chen
"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 Law" or "PRC Company Law"	the Company Law of the PRC (《中華人民共和國公司法》), as amended and adopted by the Standing Committee of the Tenth National People's Congress on October 27, 2005 and effective on January 1, 2006, as amended, supplemented or otherwise modified from time to time
"Company"	Beijing Airdoc Technology Co., Ltd. (北京鷹瞳科技發展股份有限公司), a joint stock company incorporated in the PRC with limited liability on September 9, 2015
"Concert Party Agreement"	the agreement entered into between Mr. Zhang, Mr. Chen and Mr. Gao on October 14, 2016, pursuant to which Mr. Chen and Mr. Gao have undertaken to, among other things, vote unanimously with Mr. Zhang for any resolutions proposed at any Board and Shareholders' meetings of our Company
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules

"Core Product"	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for the purpose of this prospectus, our Core Product refers to our Airdoc-AIFUNDUS
"COVID-19"	a viral respiratory disease caused by the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
"CSDC"	China Securities Depository and Clearing Co., Ltd. (中國證券登記結算有限責任公司)
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the PRC national securities markets
"Director(s)"	the director(s) of our Company, including all executive, non-executive and independent non-executive directors
"Domestic Share(s)"	ordinary shares in the share capital of our Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi by domestic investors
"EIT Law"	the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), as amended, supplemented or otherwise modified from time to time
"EMA"	European Medicines Agency
"EU"	European Union
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
"FDA"	the United States Food and Drug Administration
"Founder"	Mr. Zhang
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., our industry consultant, which is an Independent Third Party
"F&S Report"	an independent market research report, commissioned by us and prepared by Frost & Sullivan for the purpose of this prospectus
"Global Offering"	the Hong Kong Public Offering and the International Offering

"Greater China"	the PRC, Hong Kong, the Macau Special Administrative Region and Taiwan
"**GREEN** Application Form(s)"	the application form(s) to be completed by the **HK eIPO White Form** Service Provider designated by our Company
"Group", "we" or "us"	our Company and all of our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)
"Guowei Jian'an"	Beijing Guowei Jian'an Technology Co., Ltd.* (北京國衛健安科技有限公司), a company established in the PRC with limited liability on January 23, 2018 and a subsidiary of our Company
"**HK eIPO White Form**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name, submitted online through the **IPO App** or the designated website at **www.hkeipo.hk**
"**HK eIPO White Form** Service Provider"	the **HK eIPO White Form** service provider designated by our Company as specified in the **IPO App** or on the designated website at **www.hkeipo.hk**
"HK$" or "Hong Kong dollars" "HK dollars" or "cents"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Offer Shares"	the H Shares offered by us for subscription pursuant to the Hong Kong Public Offering
"Hong Kong Public Offering"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price on the terms and conditions described in this prospectus

"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in the section headed "Underwriting — Hong Kong Underwriters" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement dated October 25, 2021 relating to the Hong Kong Public Offering entered into by, among other parties, our Company and the Hong Kong Underwriters
"HSA"	Healthcare Security Administration (醫療保障局)
"H Share(s)"	overseas listed foreign share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are to be listed on the Stock Exchange and traded in Hong Kong dollars
"H Share Registrar"	Tricor Investor Services Limited
"IASB"	International Accounting Standards Board
"IFRS"	the International Financial Reporting Standards, which as collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the IASB
"Independent Third Party(ies)"	an individual or a company which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is not a connected person of the Company within the meaning of the Listing Rules
"International Offer Shares"	the H Shares initially offered by our Company for subscription at the Offer Price pursuant to the International Offering together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option (subject to reallocation as described in the section headed "Structure of the Global Offering" in this prospectus)

"International Offering"	the offer of the International Offer Shares by the International Underwriters at the Offer Price outside the United States in offshore transactions in accordance with Regulation S and in the United States to QIBs only in reliance on Rule 144A or any other available exemption from registration under the U.S. Securities Act, as further described in the section headed "Structure of the Global Offering" in this prospectus
"International Underwriters"	the group of international underwriters, led by the Joint Representatives, that is expected to enter into the International Underwriting Agreement to underwrite the International Offering
"International Underwriting Agreement"	the underwriting agreement expected to be entered into on or about the Price Determination Date by, among other parties, our Company and the International Underwriters in respect of the International Offering, as further described in the section headed "Underwriting — Underwriting Arrangements and Expenses — International Offering" in this prospectus
"**IPO App**"	the mobile application for the **HK eIPO White Form** service which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**
"Joint Bookrunners"	UBS AG Hong Kong Branch, CLSA Limited, CMB International Capital Limited, Essence International Securities (Hong Kong) Limited, Haitong International Securities Company Limited, China PA Securities (Hong Kong) Company Limited, Fosun Hani Securities Limited, GF Securities (Hong Kong) Brokerage Limited, Guodu Securities (Hong Kong) Limited and SPDB International Capital Limited

"Joint Global Coordinators"	UBS AG Hong Kong Branch, CLSA Limited, CMB International Capital Limited, Essence International Securities (Hong Kong) Limited and Haitong International Securities Company Limited
"Joint Lead Managers"	UBS AG Hong Kong Branch, CLSA Limited, CMB International Capital Limited, Essence International Securities (Hong Kong) Limited, Haitong International Securities Company Limited, China PA Securities (Hong Kong) Company Limited, Fosun Hani Securities Limited, GF Securities (Hong Kong) Brokerage Limited, Guodu Securities (Hong Kong) Limited, SPDB International Capital Limited, Futu Securities International (Hong Kong) Limited, US Tiger Securities, Inc. and uSmart Securities Limited
"Joint Representatives"	UBS AG Hong Kong Branch and CLSA Limited
"Joint Sponsors"	UBS Securities Hong Kong Limited and CLSA Capital Markets Limited
"Latest Practicable Date"	October 18, 2021, being the latest practicable date for the purpose of ascertaining certain information in this prospectus prior to its publication
"Listing"	the listing of our H Shares on the Stock Exchange
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Date"	the date expected to be on or about November 5, 2021, on which dealings in our H Shares first commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange, which is independent from and operated in parallel with the GEM of the Stock Exchange

"Mandatory Provisions"	the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (《到境外上市公司章程必備條款》), as promulgated by the State Council Securities Commission and the State Restructuring Commission on August 27, 1994 and became effective on the same date, as the same may be amended and supplemented or otherwise modified from time to time
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部) or its predecessor, the Ministry of Foreign Trade and Economic Cooperation of the PRC (中華人民共和國對外貿易經濟合作部)
"Mr. Chen"	Mr. Chen Mingqiang (陳明强), one of our Co-Founders and a member of the Single Largest Group of Shareholders
"Mr. Gao"	Mr. Gao Fei (高斐), one of our Co-Founders, an executive Director and a member of the Single Largest Group of Shareholders
"Mr. Zhang"	Mr. Zhang Dalei (張大磊), our Founder, the chairman of the Board, an executive Director and a member of the Single Largest Group of Shareholders
"NASDAQ"	the Nasdaq Stock Market
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"NMPA"	the National Medical Products Administration of the PRC (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局)
"Nova Vision"	Nova Vision (China) Group Co., Ltd.* (星創視界(中國)集團有限公司), a company established in the PRC with limited liability on March 7, 2008, which operates the leading optometry brand Formosa Optical (寶島眼鏡)
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)

"Offer Price"	the final price per Offer Share in Hong Kong dollars (exclusive of brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK$81.30 and expected to be not less than HK$75.10, at which Hong Kong Offer Shares are to be subscribed for, to be determined in the manner further described in the section headed "Structure of the Global Offering — Pricing and Allocation" in this prospectus
"Offer Share(s)"	the Hong Kong Offer Shares and the International Offer Shares, together with, where relevant, any additional H Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option expected to be granted by our Company to the International Underwriters, exercisable by the Joint Representatives (on behalf of the International Underwriters) pursuant to the International Underwriting Agreement, pursuant to which our Company may be required to allot and issue up to an aggregate of 3,340,000 additional H Shares, representing approximately 15% of the Offer Shares initially being offered under the Global Offering, at the Offer Price to, among other things, 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
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"Ping An Healthtech"	Ping An Healthtech Co., Ltd. (平安醫療科技有限公司), a company established in the PRC with limited liability on September 28, 2017 and a Pre-IPO Investor
"PRC Legal Advisors"	Zhong Lun Law Firm, our legal advisors as to PRC laws
"PRC Securities Law"	the Securities Law of the PRC (《中華人民共和國證券法》), as enacted by the 6th meeting of the 9th Standing Committee of the NPC on December 29, 1998 and became effective on July 1, 1999, as amended, supplemented or otherwise modified from time to time

"Pre-IPO Investment(s)"	the pre-IPO investments in our Company undertaken by the Pre-IPO Investors, details of which are set out in the section headed "History and Corporate Structure" in this prospectus
"Pre-IPO Investor(s)"	the investors of Pre-IPO Investments
"Pre-Series A Investor(s)"	Xu Hui (許暉), Hu Dianwei (胡殿偉), Beijing Jiuhe Yunteng Investment Center (Limited Partnership)* (北京九合雲騰投資中心(有限合夥)) and Suzhou Zhilang Guangcheng Venture Center (Limited Partnership)* (蘇州智朗廣成創業投資中心(有限合夥))
"Price Determination Agreement"	the agreement to be entered into by the Joint Representatives (on behalf of the Underwriters) and our Company on the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date, expected to be on or around October 29, 2021 (Hong Kong time) on which the Offer Price is determined, or such later time as the Joint Representatives (on behalf of the Underwriters) and our Company may agree, but in any event no later than November 1, 2021
"QIBs"	a qualified institutional buyer within the meaning of Rule 144A
"Regulation S"	Regulation S under the U.S. Securities Act
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家税務總局)
"Securities and Futures Ordinance" or "SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

"Series A Investors"	Sogou Information, Beijing Jiuhe Yunteng Investment Center (Limited Partnership)* (北京九合雲騰投資中心(有限合夥)) and Suzhou Zhilang Fengcheng Venture Investment Center (Limited Partnership)* (蘇州智朗豐成創業投資中心(有限合夥))
"Series B Investors"	Yadong Beichen, Sogou Information and Kanghe Huizhi Management Consulting (Tianjin) Partnership (Limited Partnership)* (康合慧智管理諮詢(天津)合夥企業(有限合夥))
"Series B+ Investors"	Ping An Healthtech, CITIC Securities Investment Co., Ltd.* (中信証券投資有限公司), Shenzhen Kaiyan Mingzhi Investment Fund (Limited Partnership)* (深圳開研明致投資有限合夥企業(有限合夥)), Tianjin Yuebo Investment Consultancy Co., Ltd.* (天津躍波投資諮詢有限公司), Ruizhixin (Shenzhen) Technology Industry Development Co., Ltd.* (睿智信(深圳)科技產業發展有限公司) and Ningbo Xingbangyu Business Management Consulting Partnership (Limited Partnership)* (寧波星邦鬱企業管理諮詢合夥企業(有限合夥))
"Series C Investors"	CITIC Venture Capital Equity Investment Fund Partnership, L.P.* (中信(深圳)創業投資股權投資基金合夥企業(有限合夥)), Jinan Chanyan Zhongxiang Equity Investment Management Center (Limited Partnership)* (濟南產研中翔股權投資管理中心(有限合夥)), Xinyu Hangneng Asset Management Partnership (Limited Partnership)* (新餘航能資產管理合夥企業(有限合夥)), China Everbright Healthcare Co., Ltd. (中國光大醫療健康產業有限公司), Sansheng Guojian Pharmaceutical (Shanghai) Co., Ltd.* (三生國健藥業(上海)股份有限公司), Guoke Kaiyan I (Shenzhen) Intelligent Medical Investment Fund (Limited Partnership)* (國科開研一期(深圳)智能醫療投資合夥企業(有限合夥)), Wenzhou Haiyin Qianshao Equity Investment Fund (Limited Partnership)* (溫州海銀前哨股權投資合夥企業(有限合夥)), Shanghai Nengjun Chuangye Venture Investment Center (Limited Partnership)* (上海能駿創業投資中心(有限合夥)) and Shanghai Morong Investment Center (Limited Partnership)* (上海摩融投資中心(有限合夥))

"Series C+ Investors"	Nanjing Fanghua Equity Investment Fund (Limited Partnership)* (南京芳華股權投資基金合夥企業(有限合夥)) and Aranya Holding Group Co., Limited (阿那亞控股集團有限公司)
"Series D Investors"	LBC Sunshine Healthcare Fund II L.P., LAV ImmOn Hong Kong Limited, OrbiMed New Horizons Master Fund L.P., OrbiMed Genesis Master Fund, L.P. and Beijing Fuhoinnovation Venture Investment Management Center (Limited Partnership)* (北京富匯創世創業投資管理中心(有限合夥))
"SFC"	the Securities and Futures Commission of Hong Kong
"Shanghai Zhongyou"	Shanghai Zhongyou Intelligent Technology Co., Ltd.* (上海眾佑智能科技有限公司), a company established in the PRC with limited liability on July 25, 2017 and a wholly owned subsidiary of our Company
"Shanghai-Hong Kong Stock Connect"	a unique collaboration between the Hong Kong and Shanghai Stock Exchanges, allowing international and Mainland Chinese investors to trade securities in each other's markets through the trading and clearing facilities of their home exchange
"Share(s)"	shares in the share capital of our Company, with a nominal value of RMB1.00 each, comprising Domestic Shares, Unlisted Foreign Shares and H Shares
"Shareholder(s)"	holders of our Shares
"Shenzhen-Hong Kong Stock Connect"	a unique collaboration between the Hong Kong and Shenzhen Stock Exchanges, allowing international and Mainland Chinese investors to trade securities in each other's markets through the trading and clearing facilities of their home exchange
"Shenzhen Zhongyou"	Shenzhen Zhongyou Health Technology Co., Ltd.* (深圳眾佑健康科技有限公司), a company established in the PRC with limited liability on July 9, 2021 and a wholly owned subsidiary of our Company

"Shiji Sisu"	Beijing Shi Ji Si Su Technology Co., Ltd.* (北京世紀思速科技有限公司), a company established in the PRC with limited liability on May 31, 2009 and a Pre-IPO Investor
"Single Largest Group of Shareholders"	refers to Mr. Zhang, Mr. Chen, Mr. Gao and Airdoc Universe, details of which are set out in the section headed "Relationship with our Single Largest Group of Shareholders" in this prospectus
"Special Regulations"	Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (《國務院關於股份有限公司境外募集股份上市的特別規定》), promulgated by the State Council on August 4, 1994
"Stabilization Manager"	UBS AG Hong Kong Branch
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchange and Clearing Limited
"subsidiary(ies)"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Sogou Information"	Beijing Sogou Information Service Co., Ltd* (北京搜狗信息服務有限公司), a company established in the PRC with limited liability on December 28, 2005 and a Pre-IPO Investor
"Supervisor(s)"	supervisor(s) of our Company
"Suqian Airdoc"	Suqian Airdoc Technology Center (Limited Partnership)* (宿遷鷹瞳科技中心(有限合夥)), a limited partnership established in the PRC on October 13, 2020 and an employee incentive platform of our Group
"Suqian Zhongyou"	Suqian Zhongyou Technology Center (Limited Partnership)* (宿遷眾佑科技中心(有限合夥)), a limited partnership established in the PRC on November 10, 2020 and an employee incentive platform of our Group
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time

"Track Record Period"	the period comprising the years ended December 31, 2019 and 2020 and the six months ended June 30, 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
"Unlisted Foreign Share(s)"	unlisted ordinary Share(s) issued by the Company, with a nominal value of RMB1.00 each, which are subscribed for in a currency other than RMB
"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the United States Securities Act of 1933, as amended and supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"VAT"	value added tax
"Yadong Beichen"	Yadong Beichen Venture Investment Co., Ltd.* (亞東北辰創業投資有限公司), previously known as Yadong Beichen Investment Management Co., Ltd.* (亞東北辰投資管理有限公司), a company established in the PRC with limited liability on August 2, 2013 and a Pre-IPO Investor

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

For ease of reference, the names of the PRC laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in the prospectus in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of company or entity names in Chinese or another language which are marked with "*" is for identification purpose only.

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

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

"AI"	artificial intelligence
"AI-based medical imaging"	AI technology utilization in medical fields, such as radiology, pathology and ophthalmology based on medical imaging
"algorithm"	a procedure or formula for solving a problem, based on conducting a sequence of specified actions
"AMD"	age-related macular degeneration, a disease that increases with age and can decrease central vision and visual deformation
"ASCVD"	atherosclerotic cardiovascular disease
"atrophy"	reduction in size of cell, organ or tissue, after attaining its normal mature growth
"AUC"	area under the receiver operating characteristic curve (ROC Curve), a measurement of the ability of a model to distinguish between positive and negative cases
"CAGR"	compound annual growth rate
"cardiovascular disease"	a type of disease that affects the heart or blood vessels
"cataract"	a medical condition in which the lens of the eye becomes progressively opaque, resulting in blurred vision
"Class II medical device"	medical devices with moderate risks, which shall be strictly controlled and administered to ensure their safety and effectiveness under the Regulation on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》)

"Class III medical device"	medical devices with relatively high risks, which shall be strictly controlled and administered through special measures to ensure their safety and effectiveness under the Regulation on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》)
"CDR"	cup to disc ratio, a measurement used in ophthalmology and optometry to assess the progression of glaucoma
"CRC(s)"	clinical research coordinator(s), a person responsible for clinical trials using GCP under the guidance of a principal investigator
"CRO(s)"	contract research organization(s), a company that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contract basis
"deep learning"	a subset of machine learning which refers to algorithms developed to mimic the neuronal connectivity of the human brain to perform intelligent tasks, including complex tasks such as analyzing medical images for early detection and diagnosis of chronic diseases
"fundus camera"	a specialized microscope with an attached camera designed to photograph the interior surface of the eye
"GCP"	Good Clinical Practice for Medical Devices (《醫療器械臨床試驗質量管理規範》) issued by the China Food and Drug Administration and the National Health and Family Planning Commission of the PRC on March 1, 2016
"glaucoma"	an optic nerve damage caused by abnormally high pressure in the eye
"glia"	non-neuronal cells in the nervous system which maintain homeostasis, form myelin in the peripheral nervous system, and provide support and protection for neurons

"Grade IIIA hospitals"	divided into three classes by National Health Commission of the PRC (中華人民共和國國家衛生健康委員會), among which, Grade III hospitals are at the highest level, typically having more than 500 beds, providing high-level specialist medical and healthcare services to several regions and performing advanced teaching and research tasks. Grade III hospitals are divided into Special, A, B, and C grades
"health risk assessment"	a scientific solution uses quantitative data to assess risk indicators associated with certain chronic diseases
"hypertension"	persistently high arterial blood pressure. Hypertension may have no known cause (essential or idiopathic hypertension) or be associated with other primary diseases (secondary hypertension)
"ICVD"	ischemic cardiovascular disease, including myocardial infarction and cerebral infarction
"incidence rate"	the rate of new cases of a condition observed within a given period
"IOU"	intersection over union, an evaluation metric used to measure the accuracy of an object detector on a particular dataset
"IP"	intellectual property
"ISO13485:2016"	an international standard that specifies requirements for a quality management system where an organization needs to demonstrate its ability to provide medical devices and related services that consistently meet customer and applicable regulatory requirements
"ISO9001:2015"	an international standard that specifies requirements for a quality management system
"KOL(s)"	key opinion leaders, being physicians with influence on their peers' medical practice, such as prescribing behavior, surgical procedures preference and residency training focus

"Lens Opacification Classification System III (LOCS III)"	a standard system used for grading and comparison of cataract severity and type
"medical imaging"	refers to non-invasive techniques and processes used to create images of internal issues and various parts of the human body for diagnostic and medical research purposes
"MOA"	mechanism of action
"neural network"	a set of algorithms, which are inspired by biological neural systems such as human brains and are designed to recognize patterns
"neuron"	a cell that communicates with other cells via relaying the electrical signals
"OEM"	acronym for original equipment manufacturer, a business that manufactures goods or equipment for branding and release by others
"ophthalmology"	a branch of medicine and surgery that deals with the diagnosis and treatment of disorders of the eye
"ophthalmoscopy"	an examination of the back part of the eye
"optic disc"	the point of exit for ganglion cell axons leaving the eye
"PCT(s)"	Patent Cooperation Treaty, an international patent law treaty provides a unified procedure for filing patent applications to protect inventions in each of its contracting states
"R&D"	Research and Development
"SaMD(s)"	Software as a Medical Device, a class of medical software designed to carry out one or more medical functions without the need for actual hardware

"slit-lamp bio-microscopy"	a combination of slit-lamp, an instrument consisting of a high-intensity light source that can be focused to shine a thin sheet of light into the eye, and biomicroscopy, which facilitates an examination of the anterior segment and posterior segment of the human eye, including the eyelid, sclera, conjunctiva, iris, natural crystalline lens, and cornea
"TMT"	Technology, Media, and Telecom
"top-5 error rate"	refers method of benchmarking machine learning models in the ImageNet Large Scale Visual Recognition Competition. The model is considered to have classified a given image correctly if the target label is one of the model's top 5 predictions. The percentage of time that the classifier did not include the correct class among the top 5 probabilities or guesses

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

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

- our operations and business prospects;
- future developments, trends and conditions in the industry and markets in which we operate;
- our strategies, plans, objectives and goals and our ability to successfully implement these strategies, plans, objectives and goals;
- our ability to advance product development and obtain regulatory approvals for our pipeline products;
- general economic, political and business conditions in the markets in which we operate and future developments in relation to the COVID-19 outbreak in China and globally;
- changes to regulatory and operating conditions in the industry and markets in which we operate;
- our ability to manage our sales network;
- our ability to continue to maintain strong relationships with KOLs, physicians and hospitals;

- the approval, pricing and reimbursement of our products;
- our ability to maintain an effective quality control system;
- our ability to continue to maintain our leadership position in the industry;
- our ability to control or reduce costs;
- our ability to identify and integrate suitable acquisition targets;
- our dividend policy;
- our capital expenditure plans;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- our future debt levels and capital needs;
- the competitive environment of the industry and markets in which we operate;
- the actions and developments of our competitors;
- certain statements in "Business" and "Financial Information" in this prospectus with respect to trends in prices, operations, margins, overall market trends, and risk management;
- change of volatility in interest rates, equity prices, volumes, operations, margins, risk management and overall market trends; and
- other statements in this prospectus that are not historical facts.

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

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

Investments in our Shares involves significant risks. You should carefully consider all of the information set out in this prospectus, including the risks and uncertainties described below, before making an investment in our Shares. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks and uncertainties. The trading price of our Shares could decline due to any of these risks, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that we deem immaterial, could also harm our business, financial condition and results of 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, which will not be updated after the date hereof, and is subject to the cautionary statements in the section headed "Forward-Looking Statements" in this prospectus.

RISKS RELATING TO COMMERCIALIZATION, SALES AND DISTRIBUTION OF OUR PRODUCTS

We may not be able to achieve the anticipated revenue of our AI-based early detection, diagnosis and health risk assessment solutions.

During the Track Record Period, a significant amount of our revenue was derived from the provision of AI-based software solutions, mainly our health risk assessment solutions. In 2019 and 2020 and the six months ended June 30, 2020 and 2021, revenue from our provision of AI-based software solutions, representing our provision of health risk assessment solutions, accounted for approximately 71.8%, 89.9%, 91.5% and 86.1% of our revenue for the same period, respectively. After we obtained the Class III medical device certificate from the NMPA for Airdoc-AIFUNDUS (1.0) in August 2020, we have begun to implement our commercialization strategy for Airdoc-AIFUNDUS (1.0) and have generated limited revenue from Airdoc-AIFUNDUS (1.0) as of the Latest Practicable Date.

However, we cannot assure you that demands for our AI-based early detection, diagnosis and health risk assessment solutions will achieve the anticipated levels within a reasonable period of time, or at all. There is also no assurance that we will be able to achieve the expected sales and profit margin for our AI-based early detection, diagnosis and health risk assessment solutions, which may be adversely affected by many factors outside of our control, including downward pricing pressure caused by changes in market competition, expiration of patent protection, introduction of substitute products marketed by our competitors, disruptions in manufacturing or sales, issues with respect to product quality, coverage of medical insurance or other matters with third parties. Some hardware devices companies may also pursue the development of AI-based

retinal imaging SaMDs in the future. Our business opportunities could be reduced or eliminated if our competitors develop and commercialize SaMDs that are more accurate, less expensive or more convenient than any SaMDs that we have commercialized or are developing. If we are unable to achieve the expected sales volumes, pricing levels or profit margins of our AI-based early detection, diagnosis and health risk assessment solutions, 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 our AI-based early detection, diagnosis and health risk assessment solutions or to do so in a timely or competitive manner.

Our financial prospects depend substantially on the success of our product portfolio.

Our business substantially depends on the successful development, regulatory approval and commercialization of the products in our existing product portfolio and other products we may develop in the future. We have invested a significant portion of our efforts and financial resources in the development of our existing product portfolio. We have incurred significant expenses related to the research and development of our pipeline products in the past. As a result, we recorded net losses of RMB87.1 million, RMB79.6 million, RMB48.8 million and RMB37.5 million for the years ended December 31, 2019 and 2020 and the six months ended June 30, 2020 and 2021, respectively. Our research and development expenses amounted to 135.5%, 88.8%, 264.6% and 48.5% of our total revenue for the same periods, respectively. Whether we can generate profit from our operating activities largely depends on the successful commercialization of our product portfolio.

The success of our pipeline products 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 effectiveness data from our clinical trials and other studies;
- the performance by any third parties, such as CROs, CRCs or other third parties we may retain to conduct clinical trials of their duties to us in a manner that complies with our protocols and applicable laws and that protects the integrity of the resulting data;
- obtaining regulatory approvals from the NMPA and regulatory authorities in other jurisdictions for our pipeline products;
- obtaining and maintaining patent, trade secret, know-how and/or other intellectual property protections;

- ensuring we do not infringe, misappropriate, or otherwise violate the patent, trade secret, know-how, and/or other intellectual property rights of third parties;
- successful launch of our pipeline products, if and when approved, in a timely manner;
- successful maintaining an effective sales channel for our products;
- obtaining favorable governmental and private medical reimbursement or reimbursement from other third-party payers for diagnosis with our products, if and when approved;
- assisting hospitals to obtain provincial pricing guidance from relevant governmental authorities, if needed;
- competition with other AI-based retinal imaging companies; and
- continued acceptable safety and effectiveness profile for our products and pipeline products following regulatory approval, if and when received.

Our portfolio may not be able to achieve market recognition and acceptance for commercial success.

During the Track Record Period, we generated most of our revenue by directly providing health risk assessment solutions to our customers. The commercial success of our current and future AI-empowered retina-based early detection, diagnosis and health risk assessment solutions depends upon our ability to attract and retain customers, the degree of market recognition and acceptance of our products. Since 2016, the PRC government had promulgated a series of laws and regulations to promote the development of AI-based medical imaging in China. For details, see "Industry Overview — AI-Based Retinal Imaging in China." However, our SaMDs and health risk assessment solutions may fail to receive or maintain broad acceptance from customers, physicians and end consumers. The PRC authority's management of public awareness in early screening and diagnosis of diabetes and cardiovascular diseases, and the screening and detection of diabetic retinopathy and hypertensive retinopathy would affect our ability to capture the value and commercialization of our Airdoc-AIFUNDUS. In addition, although we are not liable for misdiagnose or misuse of the medical institutions because our SaMDs are used for auxiliary diagnosis to help physicians make diagnosis rather than diagnosis, and we are not liable for misuse of the customers because our health risk assessment solutions are used for detecting risk indicators associated with a wide range of diseases and lesions, we may fail to gain sufficient market recognition and acceptance from customers, physicians and end consumers if there is negative publicity regarding our technologies and products resulting from defects or errors.

The degree of market acceptance of our products, if approved for commercial sale, will depend on a number of factors, including but not limited to:

- our products being considered effective and producing accurate early detection, examination or health risk assessment results;
- the potential and perceived advantages as well as costs of our products over alternative products;
- the affordability of medical institutions and consumer healthcare providers as well as end-users;
- the willingness of end-users to pay out-of-pocket in the absence of coverage and reimbursement by third-party payors and government authorities;
- the impact of negative publicity regarding our or our competitors' technologies and products resulting from defects or errors;
- the timing of commercial sales of our products as well as competitive products;
- the user preferences of healthcare professionals and our ability to train healthcare professionals to use our solutions; and
- the effectiveness of our sales and marketing efforts.

We cannot assure you that our pre-launch efforts will guarantee immediate market success for our future products. There may be circumstances during the actual sales of our future products that we did not anticipate prior to commercialization that may require us to adjust our sales and marketing strategies, recruit additional personnel or incur unforeseen costs and expenses to address those circumstances. In such event, our business prospects and sales of relevant products could be materially and adversely affected.

If any products that we commercialize fail to achieve market acceptance in various healthcare environments, such as hospitals, health checkup centers, community clinics, insurance companies, optometry centers and pharmacies, or others in the industry or if we fail to maintain good relationships with them, we will not be able to generate significant revenue. Even if our products achieve market acceptance, we may not be able to maintain that market acceptance over time if new products or technologies are introduced that are more favorably received than our products, are more cost effective or render our products obsolete.

We face substantial competition from other AI-based retinal imaging companies and potential competitors.

Although there are significant entry barriers and challenges in the AI-based medical imaging market and AI-based retinal imaging market in China, including real-world retinal image data, deep learning algorithms development, stringent regulation, research and development capabilities,

market awareness and reputation, intensive capital investment, we face substantial competition from other AI-based retinal imaging companies and potential competitors, including 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. For details, see "Industry Overview — Entry Barriers." In addition, products developed by our competitors may become more preferred than ours, and our customers may rely on these competing products to the exclusion of ours. In addition, Airdoc-AIFUNDUS, our Core Product, is an innovative product and the first of its kind to obtain the Class III medical device certificate from the NMPA with no commercial track record. To date, we are one of the three NMPA-approved Class III AI-based SaMDs for the auxiliary diagnosis of diabetic retinopathy. In the United States, there are only two SaMDs that have been approved by the FDA for the auxiliary diagnosis of diabetic retinopathy. For details, see "Industry Overview — Competitive Landscape." Our competitors may be applying for marketing approvals in China for products with the same intended use as our products. Our commercial opportunities could be reduced or eliminated if our competitors develop and commercialize products that are more effective, more convenient or are less expensive than any products that we commercialize or may develop, which could result in our competitors establishing a strong market position. Our business and results of operations will suffer if we fail to compete effectively.

The market opportunities for our products may be uncertain, which could render some products ultimately unprofitable even if commercialized, and we may not be able to fully capture the target populations of our products.

We estimate the incidence and prevalence of target patient population, especially diabetic retinopathy, and penetration for our products based on various third-party sources, such as scientific literature, surveys of clinics or market research, as well as internally generated analysis, and we use such estimates in making decisions regarding our product development strategy, including determining on which candidates to focus our resources and for which indications to focus our development of AI deep learning methodologies. AI-based retinal diagnostic technology is relatively nascent and rapidly growing and changing with only a limited year of development. As such, these estimates may be inaccurate or based on imprecise data and the future growth in the market opportunities may be unpredictable. The total addressable market opportunity will depend on, among other things, acceptance of the product by the medical community, ethical, legal and social concerns on the products, patient access and product pricing. The number of patients in the addressable markets may turn out to be lower than expected, which could have a material adverse effect on our business, financial condition and results of operations.

We have relatively limited experience in marketing and sales of our Core Product.

Market of AI-based retinal imaging is still nascent, we, as well as other medical device companies in this market, have relatively limited experience in marketing and sales of our products. We received the Class III medical device registration certificate from the NMPA for Airdoc-AIFUNDUS (1.0) in August 2020 and began to implement our commercialization strategy since then. As of the Latest Practicable Date, we have marketed and provided our

Airdoc-AIFUNDUS (1.0) to 23 hospitals and three community clinics in China and have generated limited revenue. We have just started commercialization of our Airdoc-AIFUNDUS (1.0) for a short period of time. As such, we have relatively limited experience in launching and commercializing our Core Product. In particular, we have limited experience in building a sales and marketing team, conducting a comprehensive marketing analysis, and obtaining licenses and approvals necessary for market penetration. As a result, our ability to successfully commercialize our pipeline products may involve more inherent risks, take longer time and cost more than it would if we were a company with sufficient experience in launching pipeline products.

In addition, we cannot assure you that our pre-launch efforts will guarantee immediate market success for our future products. There may be circumstances during the actual sales of our future products that we did not anticipate prior to commercialization that may require us to adjust our sales and marketing strategies, recruit additional personnel or incur unforeseen costs and expenses to address those circumstances. In such event, our business prospects and sales of relevant products could be materially and adversely affected.

We rely on a limited number of major customers and there can be no assurance that these major customers will continue their purchases.

For the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021, the aggregated sales to our five largest customers were RMB25.6 million, RMB40.8 million and RMB39.5 million, respectively, accounting for 84.1%, 85.5% and 79.9% of our total revenue for the respective periods. Sales to our largest customer for the same period amounted to RMB13.2 million, RMB20.8 million and RMB13.4 million, respectively, representing 43.5%, 43.5% and 27.0% of our total revenue for the same period, respectively. See "Business — Our Customers." As such, we may be subject to concentration and counter-party risks from these customers.

There can be no assurance that these major customers will continue their purchases, if at all, from us at the current levels. In addition, there is no assurance that we will be able to maintain strong relationships with these customers, or that these customers will continue to work with us or renew their agreements with us on similar or commercially reasonable terms in the future.

Moreover, we cannot guarantee that our major customers will not have a change in business scope or business model, will not cease to operate, will operate in compliance with applicable laws, will be able to maintain their appropriate licenses and approvals for their operations or will not experience operational or financial difficulties. Any material adverse change to the business, operations and financial condition of these customers may have a significant adverse impact on us, and if we are unable to find new customers on comparable commercial terms within a reasonable period of time, our business, financial condition and results of operations may be adversely affected.

The market opportunities for our AI-empowered retina-based early detection, diagnosis and health risk assessment solutions may be uncertain, which could render some products ultimately unprofitable even if commercialized, and we may not be able to fully capture the target populations of our products.

We estimate the demand for our products based on various third-party sources, such as scientific literature, surveys of clinics or market research, as well as internally generated analysis, and we use such estimates in making decisions regarding our product development strategy, including determining on which candidates to focus our resources and for which indications to focus our development of AI deep learning algorithms. AI-based retinal imaging has experienced the fastest growth in the AI-based medical imaging market. As such, these estimates may be inaccurate or based on imprecise data and the future growth in the market opportunities may be unpredictable. The market opportunity will depend on, among other things, acceptance of the products, patient access and product pricing. Demand for our products may turn out to be lower than expected, which could have a material adverse effect on our business, financial condition and results of operations.

Fluctuations, in particular, downward changes in pricing of our products may have a material adverse effect on our business and results of operation.

We price our product candidates (upon commercialization) by taking into consideration a variety of factors, some of which are beyond our control, such as spending power of our customers and end-users and prices of comparable solutions. We also take into consideration of the pricing guidance issued for Airdoc-AIFUNDUS (1.0) when needed. Such pricing guidance is not a pre-condition for us to sell and negotiate price of Airdoc-AIFUNDUS with hospitals. However, pricing guidance is able to help hospitals to make efficient decisions in the bidding/tender process because hospitals can more easily evaluate the return on investment with the specified price for such medical service. For details, see "Business — Sales and Marketing — Pricing." If the competent governmental authorities issue any pricing guidance or exercise any control measure on the tender processes of any of our products or product candidates, either at the national or provincial level, it may negatively affect the price at which we can sell our products and therefore have a material adverse effect on our business and results of operations. We may face downward pricing pressure if we experience malicious competition from our competitors. For example, they may price the competitive products lower than ours, or even propose an unreasonable low price. We may also face downward pricing pressure if our products are included in the medical insurance reimbursement list. Government authorities and third-party payors, such as private health insurers and health maintenance organizations, decide which medical service they will pay for and establish reimbursement levels. However, they may request price concessions from the product developers in exchange for market access and eligibility for reimbursement. We may need to lower the prices of our products in order to have them included in the medical insurance reimbursement list, and such price cut and reimbursement may not necessarily lead to increase in our sales and our results of operations may be adversely affected.

Our delivery, exchange, return and warranty policies may adversely affect our results of operations.

For our hardware devices, we generally provide one-year warranty period from the delivery of the products, during which we will provide free repair services except for repairs for man-made damages. We engaged OEM service providers to manufacture our hardware devices. Although according to the agreements between us and OEM service providers, the OEM service providers will typically provide repair services for these fundus cameras within the warranty period, fees will be charged for repair services for hardware devices whose warranty periods have expired. If we experience any deterioration in the quality of our products, we will incur higher costs associated with returns, exchanges and warranties. We may also be required by law to adopt new or amend existing return, exchange and warranty policies from time to time. These policies will subject us to additional costs and expenses which we may not recoup through increased revenue. We cannot assure you that our return, exchange and warranty policy will not be misused by our customers, which may significantly increase our costs and may materially and adversely affect our business and results of operations. If we revise these policies to reduce our costs and expenses, our customers may be dissatisfied, which may result in loss of existing customers or failure to acquire new users at a desirable pace, which may materially adversely affect our results of operations.

Our performance is subject to seasonal fluctuations.

Provisions of our AI-based software solutions are subject to seasonality. Health checkup centers have been an important sales channel for us during the Track Record Period. The frequencies of individuals taking health-checkups are generally higher for the second half of the year than the first half of the year and therefore affects the demand for our products from health checkup centers, according to Frost & Sullivan. On the other hand, some components of our costs and expenses such as rental expenses and staff costs are relatively fixed in nature and not affected by the seasonality impact. As a result of the seasonality effect and our relatively fixed costs and expenses structure, we may incur greater losses in the first half of our financial year than in the second half of our financial year.

RISKS RELATING TO OUR FINANCIAL POSITION AND PROSPECTS

We have incurred significant net losses since our inception, and may continue to incur net losses for the foreseeable future.

Investments in AI-based medical imaging entail substantial upfront capital expenditure and significant risks that a pipeline product may fail to gain regulatory approval or become commercially viable. We have incurred significant expenses related to the research and development of our pipeline products in the past. As a result, we recorded net losses of RMB87.1 million, RMB79.6 million, RMB48.8 million and RMB37.5 million for the years ended December 31, 2019 and 2020 and the six months ended June 30, 2020 and 2021, respectively.

We expect to incur net losses in the near future, and the losses may increase as we further our research and development efforts, continue the development of, seek regulatory approvals for, and commercialize our pipeline products. The size of our future net losses will depend, in part, on the number, scope and complexity of our product development programs and the associated costs of those programs, and the cost of commercializing any approved products and our ability to generate revenues. We may never become profitable. Even if we achieve profitability in the future, we may not be able to maintain profitability in subsequent periods. Our failure to become and remain profitable would decrease the value of our Company and could impair our ability to raise capital, maintain our R&D efforts, expand our business and/or continue our operations. Failure to become and remain profitable may adversely affect the market price of our Shares and our ability to raise capital. A decline in the market price of our Shares could cause potential investors to lose all or part of their investments in our business.

We had net cash outflow from operating activities during the Track Record Period and may need to seek additional financing for our future operation.

Our pipeline products may be required to complete identification of unmet clinical needs, preclinical research and development, product registration testing, clinical trial and clinical registration. Our operations have consumed substantial amounts of cash since inception. Net cash used in our operating activities was RMB58.7 million, RMB42.9 million and RMB39.5 million for the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021, respectively. We cannot assure you that we will be able to generate positive cash flows from operating activities in the future. Our liquidity and financial condition may be materially and adversely affected by negative net cash flows, and we cannot assure you that we will have sufficient cash from other sources to fund our operations. The cost of continuing operations could further reduce our cash position, and an increase in our net cash outflow from operating activities could adversely affect our operations by reducing the amount of cash available to meet the cash needs for operating our business and to fund our investments in our business expansion. We may not be able to obtain other sources of financing, such as public or private offerings, debt or equity financing, collaboration and licensing arrangements. If we resort to other financing activities to generate additional cash, we will incur financing costs and we cannot guarantee that we will be able to obtain the financing on terms acceptable to us, or at all.

Our future funding requirements will depend on many factors, including but not limited to:

- the progress, timing, scope and costs of our clinical trials, including the ability to timely procure requisite test samples in our planned and potential future clinical trials;
- the outcome, timing and cost of regulatory approvals of our products;
- the number and characteristics of products that we may develop;
- the cost of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights;

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

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

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

- our headcount growth and associated costs.

If we are unable to raise capital when needed or on attractive terms, we would be forced to delay, reduce or eliminate our R&D programs or commercialization efforts.

We had net current liabilities and net liabilities during the Track Record Period. We cannot assure you that we will not experience net current liabilities or net liabilities in the future, which could expose us to liquidity risks.

We had net current liabilities of RMB163.3 million as of December 31, 2019. In addition, we had net liabilities of RMB159.3 million as of December 31, 2019. For details, see "Financial Information — Liquidity and Capital Resources — Current Assets and Liabilities." Our net current liabilities position and deficit position were in part due to the accounting treatment for Series B, Series B+ and Series C financings, which were classified as financial instruments issued to investors. These financial instruments were all reclassified from financial liabilities to equity and, accordingly, we had a net current asset position and net asset position as of December 31, 2020. However, there can be no assurance that we will not experience liquidity problems in the future. If we fail to maintain sufficient cash and financing, we may not have sufficient cash flows to fund our business, operations and capital expenditure and our business and financial position will be adversely affected.

The discontinuation of any of the preferential tax treatments currently available to us could reduce our profitability.

In 2019 and 2020 and the six months ended June 30, 2020 and 2021, we recorded very limited income tax expense of RMB7.0 thousand, RMB0.4 million, RMB0.1 million and RMB0.3 million, respectively. According to the EIT Law and relevant regulations, our Company was recognized as high-technology enterprise and was subject to income tax at 15% during the Track Record Period. Airdoc Shanghai obtained its certificate of high-technology enterprise on December 6, 2019 and was subject to income tax at 15% for a three-year period. In addition, according to a tax incentive policy promulgated by the SAT of the PRC in September 2018, from January 1, 2018 to December 31, 2023 we enjoyed an additional 75% of qualified research and development costs incurred to be deducted from the taxable income. Airdoc Shanghai, Airdoc Beijing and Shanghai Zhongyou were qualified as small and low profit enterprises and entitled to a preferential income

tax rate for the years ended December 31, 2019 and 2020 and the six months ended June 30, 2020 and 2021. 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 treatments 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 experience delays in collecting payments from our customers, our cash flows and operations could be adversely affected.

Our cash flow and profitability would be affected by the timely settlement of payments by our customers. As of December 31, 2019 and 2020 and June 30, 2021, we had trade receivables of RMB16.5 million, RMB19.5 million and RMB25.9 million, respectively. For the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021, our trade receivable turnover days were 107 days, 139 days and 86 days, respectively. During the Track Record Period, we granted credit terms to our customers on a case-by-case basis based on our assessment. We cannot assure you that our customers could settle trade receivables in a timely manner, or at all, or that we can properly assess and respond in a timely manner to changes in their credit profile and financial condition. If our customers' cash flows, working capital, financial condition or results of operations deteriorate, they may be unable, or they may otherwise be unwilling, to make payments owed to us promptly or at all. Any substantial defaults or delays could materially and adversely affect our cash flows, and we could be required to terminate our relationships with such customers in a manner that will impair the effective sales of our products.

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

As part of our treasury management, we may from time to time purchase low-risk wealth management products as an auxiliary means to improve utilization of our cash on hand on a short-term basis. As of December 31, 2019 and 2020 and June 30, 2021, we had wealth management products of RMB40.1 million, nil and nil, respectively. We recorded investment income from wealth management products of RMB5.3 million, RMB2.5 million and RMB3.1 million in 2019 and 2020 and the six months ended June 30, 2021, respectively. 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 PBOC, the China Banking and Insurance Regulatory Commission, the CSRC and the SAFE on April 27, 2018, financial institutions selling wealth management products shall not guarantee the principals and/or returns of such products. As a result, the returns of our investments on the wealth management products were not guaranteed. We measured these wealth management products at fair value through profit or loss, and 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 in profit or loss, and therefore directly affect our results of operations. We have implemented internal control policies and rules setting forth overall principles as well as detailed approval process of our investment activities. We may continue to invest in low-risk wealth management products in the future when we believe that we have surplus cash on-hand. For more details, please see "Financial Information — Description of Certain Consolidated Statements of Financial Position Items — Other Financial Assets." 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.

In addition, our investments in wealth management products as of December 31, 2019 were categorized as level 3 financial assets, or the Level 3 Investments. The fair value of the Level 3 Investments was estimated using a discounted cash flow valuation model based on expected future cash flows calculated based on expected future interest return on maturity of the wealth management products. Accordingly, such determination requires us to make estimates and assumptions, which may be subject to material changes, and therefore inherently involves a certain degree of uncertainty. Factors beyond our control, such as general economic condition, changes in market interest rates, and stability of the capital markets, can significantly influence and cause adverse changes to the estimates we used and thereby affect the fair value of the Level 3 Investments. Should any of the estimates and assumptions changed, there may be a change in the fair value of our financial assets, which would materially and adversely affect our results of operation and financial condition.

We are subject to risks relating to investments in debt instruments and adverse development in the market interest rate, market liquidity, market sentiments or other market and economic conditions may materially and adversely affect our profitability and liquidity.

As of December 31, 2019, RMB50.3 million of our other financial assets were classified as financial assets measured at amortized costs, representing debt instruments we purchased from reputable financial Institutions in the PRC. For more details, please see note 12 to the Accountants' Report in Appendix I to this prospectus. Our investment returns on debt instruments are affected by a number of factors, many of which are beyond our control, including the market interest rate, creditworthiness of the overall market and our counterparties, market liquidity, asset values, as well as other market and economic conditions. Any material change in one or more of these factors could reduce the value of and the gains generated from our debt instruments investment portfolio and could have a material adverse effect on our financial condition and results of operations. Our debt instruments which are classified as financial assets measured at amortized costs under our current accounting standards are subject to impairment, which may affect the value of such debt instruments. Although we did not have financial assets measured at amortized costs as of December 31, 2020 and June 30, 2021, there is no assurance that we will not invest in such investments in the future. If the value of any debt instruments we invest in significantly declines, our asset quality, financial condition and results of operations may be materially and adversely affected.

We may not be able to fulfill our obligations in respect of contract liabilities, which may have a material and adverse impact on our business, reputation and liquidity position.

Our contract liabilities represent our obligations to transfer services to our customers as we entered into services agreements with our customers for AI-based software solutions and sales of hardware devices for which we have received advanced payments from such customers under the

relevant customer service agreements or work orders. We recorded contract liabilities of RMB6.1 million, RMB7.3 million and RMB8.1 million as of December 31, 2019 and 2020 and June 30, 2021, respectively. For details, see "Financial Information — Description of Certain Consolidated Statements of Financial Position Items — Contract Liabilities." If we experience any obstacles in commercializing our AI-based software solutions and hardware devices, such as failing to obtain the pricing guidance and other approvals in certain provinces, and thus fail to deliver the products to our customers when we are requested to, we may not be able to honor our obligations in respect of our contract liabilities, which may have a material and adverse impact on our business, reputation and liquidity position.

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

A share option scheme was authorized since 2016 to incentivize employees. For further details, see note 23 to the Accountants' Report in Appendix I of this prospectus. For 2019 and 2020 and the six months ended June 30, 2021, we incurred share-based compensation in aggregate of RMB2.7 million, RMB11.1 million and nil, respectively. To further incentivize our 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 compensation may dilute the shareholding percentage of our existing Shareholders. Expenses incurred with respect to such share-based compensation may also increase our cost of sales and operating expenses and therefore have a material and adverse effect on our financial performance.

RISKS RELATING TO EXTENSIVE GOVERNMENT REGULATIONS

Our business is subject to a variety of laws, rules, policies and other obligations regarding data protection. Any losses or unauthorized access to or releases of confidential information and data could subject us to significant reputational, financial, legal and operational consequences.

We routinely receive, process, transmit and maintain medical data of users of our products, along with other personal information. As such, we are subject to the relevant data protection and privacy laws, directives regulations and standards that apply to the collection, use, retention, protection, disclosure, transfer and other processing of data in the various jurisdictions in which we operate and/or conduct our clinical trials, as well as have contractual obligations. If data protection and privacy law regimes continue to evolve, public scrutiny, levels of enforcement and sanctions and costs of compliance may increase. Failure to comply with any of these laws could result in enforcement action against us, including fines, imprisonment of company officers and public censure, claims for damages by customers and other affected individuals, damage to our reputation and loss of goodwill, any of which could have a material adverse effect on our business, financial condition, results of operations or prospects.

Whilst we have adopted security policies and measures to protect our proprietary data and users' privacy, privacy leakage incidents might not be avoided due to hacking activities, human error, employee misconduct or negligence or system breakdown. We also cooperate with third parties including clinical trial institutions, CROs, CRCs and other third-party contractors and consultants for our clinical trials and operations. Any leakage or abuse of user data by our third-party partners may be perceived by the users as a result of our failure. It is possible that these laws and regulations may be interpreted and applied in a manner that is inconsistent with our clinical trial practices. Furthermore, any change in such laws and regulations could affect our ability to use medical data and subject us to liability for the use of such data for previously permitted purposes. 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 user data, could cause our customers to lose trust in us and could expose us to legal claims.

In addition, 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, any researcher conducting research funded at least in part by the PRC 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.

Complying with all applicable laws, regulations, standards and obligations relating to data privacy, security, and transfers may cause us to incur substantial operational costs or require us to modify our data processing practices and processes. Non-compliance could result in proceedings against us by data protection authorities, governmental entities or others, including class action privacy litigation in certain jurisdictions, which would subject us to significant fines, penalties, judgments and negative publicity. In addition, if our practices are not consistent or viewed as not consistent with legal and regulatory requirements, including changes in laws, regulations and standards or new interpretations or applications of existing laws, regulations and standards, we may become subject to audits, inquiries, whistleblower complaints, adverse media coverage, investigations, severe criminal or civil sanctions and reputational damage. Any of the foregoing could have a material adverse effect on our competitive position, business, financial condition, results of operations and prospects.

On July 10, 2021, the Cyberspace Administration of China, jointly with the relevant authorities, published the Measures for Cybersecurity Review (Revised Draft for Comments) (《網絡安全審查辦法(修訂草案徵求意見稿)》) for public comment, with a deadline falling on July 25,

2021 (the "**Draft Cybersecurity Review Measures**"), which stipulates that operators of critical information infrastructure purchasing network products and services, and data processors (together with the operators of critical information infrastructure, the "**Operators**") carrying out data processing activities that affect or may affect national security, shall conduct a cybersecurity review. Pursuant to the Draft Cybersecurity Review Measures, any operator who controls more than one million users' personal information must go through a cybersecurity review by the cybersecurity review office if it seeks to be listed abroad (國外上市). For details, see "Regulatory Overview — Regulations on Health Big Data and Information Security and Data Privacy — Regulations on Information Security and Data Privacy." As of the Latest Practicable Date, the Draft Cybersecurity Review Measures had not been formally adopted. The Draft Cybersecurity Review Measures is not applicable to us, primarily because we are seeking to list on the Main Board of the Stock Exchange instead of listing in foreign countries, and we are not operator of critical information infrastructure. As advised by our PRC Legal Advisors, we, as an AI-based medical device company, may not be an operator of critical information infrastructure which refers to "important network and information system operators in telecommunications, radio and television, energy, finance, road and water transportation, railways, civil aviation, post, water conservancy, emergency management, health, social security, defense technology industry and other industries" answered by the Cyberspace Administration of China. Pursuant to the National Security Law of the PRC promulgated by Standing Committee of the NPC, "national security refers to political power of the state, sovereignty, unity and territorial integrity, people's well-being, sustainable development of economy and society, and other significant interests of the state are relatively free from danger and threats within and outside the state, and the country's capacity for safeguarding continued security." The data collected by us is for detection and diagnosis of chronic diseases, and will not affect national security. However, the Draft Cybersecurity Review Measures provides no further explanation or interpretation for "listed abroad" or "operator of critical information infrastructure." We cannot guarantee whether the competent authorities will hold the same view and whether we will be subject to the cybersecurity review for the Listing and our future capital raising activities. If we provide or are deemed to provide such network products and services to critical information infrastructure operators, or we are deemed to be a critical information infrastructure operator, we would be required to follow cybersecurity review procedures. There can be no assurance that we would be able to complete the applicable cybersecurity review procedures in a timely manner, or at all, if we are required to follow such procedures. Any failure or delay in the completion of the cybersecurity review procedures may prevent us from using certain network products and services, and may result in fines of up to ten times the purchase price of such network products and services being imposed upon us, if we are to be deemed a critical information infrastructure operator using network products or services without having completed the required cybersecurity review procedures.

Furthermore, the PRC regulatory and enforcement regime regarding privacy, data protection and information security is still evolving. For example, the Standing Committee of the NPC promulgated the Personal Information Protection Law (《個人信息保護法》), which will become effective on November 1, 2021. The Personal Information Protection Law sets forth detailed rules on handling personal information and legal responsibilities and also strengthen the punishment for

illegal process of personal information. As of the Latest Practicable Date, the Personal Information Protection Law had not been formally adopted, and we still face uncertainties that this law may be interpreted or implemented in ways that will negatively affect us.

Any adverse change in the regulatory regime in general may limit our ability to provide products and lead any lack of requisite licenses or certificates applicable to our business.

Government policies relating to the PRC AI-based medical imaging industry generally are still being developed and may change significantly in the future, depending on the objectives prioritized by the PRC government, as well as the political and social climate, public opinion and media coverage at any given time and the continued development of the PRC AI-based medical imaging industry in general. Such future changes, if adopted and implemented, may increase the cost of revenue, intensify competition, or otherwise negatively affect us disproportionately compared to competitors. Unfavorable public opinion or negative media coverage of the PRC AI-based medical imaging industry in general may also trigger implementation of more stringent policies and heightened scrutiny on quality of medical devices. If we fail to keep up with new policies or newly-adopted best practices, our standard of operations may fall short of the latest standards and we could become more prone to non-compliance, resulting in increased cost of compliance and operation.

In addition, the interpretation, implementation and enforcement of government policies and regulations may vary among different regulators. Our ability to develop and commercialize AI-based retinal imaging products may be limited, and our business, financial condition and results of operations may be materially and adversely affected, by such differences in interpreting, implementing and enforcing and changes in government policies or regulations, which may then affect our business, results of operations and financial condition.

If we fail to obtain and maintain the requisite licenses and approvals required under the complex regulatory environment applicable to our businesses in China, or if we are required to take compliance actions that are time-consuming or costly, we will not be able to commercialize our products and our business, financial condition and results of operations may be materially and adversely affected.

Before obtaining requisite regulatory approvals for the commercial sale of any product, we must demonstrate in preclinical studies and well-controlled clinical trials, and, with respect to approval in China, to the satisfaction of the NMPA, that the product is effective for use for the approved purposes and that the manufacturing facilities, processes and controls are adequate. Obtaining regulatory approvals is a lengthy, expensive and uncertain process, and approvals may not be obtained. When we submit a filing application to the NMPA, the NMPA will decide whether to accept or reject the submission for filing. We cannot be certain that any submissions will be

accepted for filing and review by the NMPA. The NMPA may also slow down, suspend or cease review of our applications and any of these could prolong the registration process of our products. Our products could fail to receive regulatory approval for many reasons, including but not limited to:

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

Changes in regulatory requirements and guidance may also occur, such as the introduction of simplified approval procedures, or a relaxation in clinical trial requirements, which would lower the entry barrier for potential competitors, or increased stringency in regulatory requirements, which may increase the difficulty for us to satisfy such requirements. Any of such changes may have a material adverse impact on our business, financial condition, results of operations and prospects, and we may need to amend clinical trial protocols submitted to applicable regulatory authorities to reflect these changes.

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

Our products and any additional pipeline products that are approved by the regulators are and will be subject to ongoing regulatory requirements with respect to manufacturing, labeling, packaging, storage, advertising, promotion, sampling, record-keeping, conducting post-market studies, submission of safety, effectiveness, and other post-market information, and other requirements of regulatory authorities in China and other applicable jurisdictions where the products are approved. 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 comparable regulatory authorities.

The NMPA and other comparable regulatory authorities strictly regulate the marketing, labeling, advertising and promotion of products placed on the market. The regulatory approvals for our products and any approvals that we will receive for our pipeline products are and may be subject to limitations on the indicated uses for which our product may be marketed. Products may be promoted only for their approved indications and for use in accordance with the provisions of the approved label. The approvals we obtain may also be subject to other conditions which may require potentially costly post-marketing testing and surveillance to monitor the safety and effectiveness of our products or pipeline products. Such limitations and conditions could adversely affect the commercial potential of our products.

The NMPA or other comparable regulatory authorities may seek to impose a consent decree or withdraw marketing approval if we fail to maintain compliance with these ongoing regulatory requirements and standards is not maintained or if problems occur after the product reaches the market. Later discovery of previously unknown problems with our products or pipeline products including adverse events of unanticipated severity or frequency, or failure to comply with regulatory requirements, 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 under a risk evaluation and mitigation program. Other potential consequences include, among other things:

- restrictions on the marketing or manufacturing of our products, withdrawal of the product from the market, or voluntary or mandatory product recalls;
- fines, untitled or warning letters, or holds on clinical trials;
- refusal by the NMPA or other 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; and/or

- injunction or the imposition of civil 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 overseas, 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.

RISKS RELATING TO THE RESEARCH AND DEVELOPMENT OF OUR PRODUCTS

We invest substantial resources in research and development in order to develop our products and enhance our technologies, which we may not be able to do successfully.

In order to keep pace with new technologies and methodologies in the rapidly-evolving AI-based medical imaging industry in China, we have to allocate significant resources in research and development. In 2019 and 2020 and the six months ended June 30, 2020 and 2021, our research and development expenses amounted to RMB41.2 million, RMB42.3 million, RMB17.2 million and RMB24.0 million, respectively. We expect to continue to invest significant amounts of human and capital resources to develop our products and enhance our technologies that will allow us to advance our pipeline products. We cannot assure you that we will be able to develop, improve or adapt to new technologies and algorithms, successfully identify new technological opportunities, develop and bring new or enhanced products to market, obtain sufficient or any patent or other intellectual property protection for such new or enhanced products or obtain the necessary regulatory approvals in a timely and cost-effective manner, or, if such products are introduced, that those products will achieve or maintain market acceptance. Any failure to do so may render our efforts obsolete, which could significantly reduce demand for our products and harm our business and prospects.

Our self-developed algorithms and methodologies are complex and may contain errors, may not operate properly or may not be superior to our competitors, which could adversely affect our business, financial condition and results of operation.

Our self-developed algorithms and methodologies are crucial to our AI-empowered retina-based early detection, diagnosis and health risk assessment solutions. Due to the complexity of our algorithms and methodologies, we cannot guarantee you that our algorithms and methodologies can always function in a proper manner or do not contain errors or deficiencies. Any error or deficiency contained in our algorithms or methodologies, whether we can identify during product development may lead to inaccurate testing results generated by our products, or in worst case scenario, severe adverse events of our products, which could have a material and adverse effect on our business, financial condition and results of operations.

In addition, although we are further optimizing our algorithms, our algorithms and methodologies may not remain superior to our competitors given the pace of change in AI technologies, especially deep learning technologies, and the rapid commoditization of AI algorithms in various industries. Therefore, we may not be able to maintain a leading position in the industry in terms of software algorithm and technology capability in the future. Algorithms developed by our competitors may become more advanced than ours, which could have a material and adverse effect on our business, financial condition and results of operations.

If we cannot maintain relationships with our R&D partners, or cannot establish or seek more collaborations and strategic alliances in the future, we may not be able to conduct research and development activities in a timely manner, or at all.

We may, from time to time, partner with renowned universities and hospitals on joint research projects and technology development, or enter into strategic collaborations with hospitals that we believe will complement or augment our R&D efforts with respect to our products and any future products that we may develop. We maintain solid relationships with top hospitals nationwide, influential academic institutions and influential KOLs, to better understand the needs of frontline clinical care and facilitate our R&D capabilities. We also partnered with external experts to label data for retinal image analysis to train our algorithms. See also "— We rely on internal and external medical experts to label data for retinal image analysis, so that we can effectively train our algorithms. Any suspension or termination of such partnership may adversely affect the effectiveness of the development of our algorithms."

Our ability to conduct research and development activities in a timely manner in part depends on our ability to maintain our relationships with our R&D partners and establish new collaborations in the future. Our R&D partners may not pursue research and development of our products or may elect not to continue or renew research and development 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. Collaborations may be terminated and, if terminated, may result in a need for additional capital to pursue further research and development of the applicable products. If any of such partnership suspend or terminate, we may not be able to conduct research and development activities in a timely manner, or at all.

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

The timely completion of clinical trials in accordance with their protocols depends, among other things, on our ability to enroll a sufficient number of patients who remain in the trial until its conclusion. We may experience difficulties in relation to 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 size of the study population required for analysis of the trial's primary endpoints;
- the proximity of patients to trial sites;
- the design of the trial;
- our ability to recruit clinical trial investigators with the appropriate competencies and experience; and
- the patients' perceptions as to the potential advantages of the pipeline products being studied in relation to other available product, pipeline products or therapies.

Our clinical trials may compete with other clinical trials for alternative products. This competition will reduce the number and types of patients available to us as some patients who might have opted to enroll in a trial being conducted by one of our competitors instead of ours. Because the number of qualified clinical investigators and clinical trial sites is limited, we expect to conduct some of our clinical trials at the same clinical trial sites that some of our competitors use, which will reduce the number of patients who are available for our clinical trials at such clinical trial sites. Even if we are able to enroll a sufficient number of patients in our clinical trials, delays in patient enrollment may result in increased costs or may affect the timing or outcome of the planned clinical trials, which could prevent completion of these trials and adversely affect our ability to advance the development and timely commercialization of our pipeline products. Further, if clinical trial results of our pipeline products fail to demonstrate safety and effectiveness to the satisfaction of regulatory authorities or do not otherwise produce positive results, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our pipeline products.

We may not be able to successfully complete product registration testing or clinical trials in a timely manner and at acceptable costs, or at all.

Many of our products are required to go through product registration testing to demonstrate the safety and effectiveness before obtaining a product registration testing report to conduct clinical trial. Such testing is conducted by third-party testing institutions recognized by the NMPA. The product registration testing schedule of these testing institutions are beyond our control, and we cannot assure you that our pipeline products will pass these tests in a timely manner, or at all.

With respect to certain products which are required to obtain regulatory approval, we must conduct clinical trials to demonstrate the safety and effectiveness of our products. Clinical development is expensive and can take years to complete, and its outcome is inherently uncertain. These trials or procedures may not be completed in a timely or cost-effective manner or result in a commercially viable product. Failure to successfully complete these trials or procedures in a timely

and cost-effective manner could have a material adverse effect on our prospects. Clinical trials or procedures may experience significant setbacks even after earlier trials have shown promising results. In addition, there can be significant variability in the results between different trials of the same product due to numerous factors, including changes in trial procedures set forth in protocols and differences in the size and type of the patient populations. In the case of any trials we conduct, results may differ from earlier trials due to the larger number of clinical trial sites involved in such trials. We may experience numerous unexpected events during, or as a result of, clinical trials that could delay or prevent our ability to receive regulatory approval or commercialize our products, including but not limited to:

- regulators or ethics committees may not authorize us to commence a clinical trial or conduct a clinical trial at a prospective trial site;

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

- clinical trials of our products 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;

- the number of patients required for clinical trials of our products may be larger than we anticipate, and test samples procured may be insufficient or slower than we anticipate;

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

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

- regulators may require that we suspend or terminate clinical research or not rely on the results of clinical research for various reasons, including non-compliance with regulatory requirements; and

- the cost of clinical trials of our products may be greater than we anticipate.

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

- be delayed in obtaining regulatory approval for our products;

- not obtain regulatory approval at all;
- obtain approval for indications that are not as broad as intended;
- have the product removed from the market after obtaining regulatory approval;
- be subject to restrictions on how the product is distributed or used; and/or
- be unable to obtain reimbursement for use of the product.

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

Potential issues in the adoption of AI technologies in our solutions and hardware devices may result in reputational harm or liability.

Our softwares are developed based on AI technologies. Our hardware devices are powered by on-device AI technologies such as speech recognition, speech synthesis and computer vision. As with many disruptive innovations, AI presents risks and challenges that could affect its adoption, and, therefore, our business. Our AI-empowered retina-based early detection, diagnosis and health risk assessment solutions as well as self-developed hardware devices may not be adopted by our users or customers. See also "— our portfolio may not be able to achieve market recognition and acceptance for commercial success." AI algorithms may be flawed. Although research has shown that human error can achieve a higher top-5 error rate than that of deep learning algorithm, which indicated that AI algorithm, especially deep learning algorithm, may have more superior performance than human, there is no assurance that how computer-level accuracy compares with human-level accuracy on more complex image understanding tasks. In addition, datasets may be insufficient or contain biased information or discrimination against inquiry subjects of certain stereotypes or personas, which may result in unequal health risk scoring. Being an AI company, we bear the corporate social responsibility apart from making profit in the business, such as providing accurate early detection, diagnosis and risk assessment of chronic diseases without bias or discrimination. Inappropriate or controversial data practices by us or others could impair the acceptance of our products and solutions. These deficiencies could undermine the decisions, predictions, or analysis AI technologies produce, subjecting us to legal liability, and brand or reputation harm.

We rely on internal and external medical experts to label data for retinal image analysis, so that we can effectively train our algorithms. Any suspension or termination of such partnership may adversely affect the effectiveness of the development of our algorithms.

Our database includes approximately 3.7 million real-world user retinal images with their corresponding multimodal data and cross-labeled by hundreds of medical experts. As advised by Frost & Sullivan, the number of the datasets and the cross-labeled data had outcompeted our peers and served as a key entry barrier for competitors. Multimodal data are data from multiple sources that are correlated to the same subjects such as same person. We use training data sets in order to teach our algorithms to predict certain chronic diseases. Therefore we rely on internal and external medical experts to label data for retinal image analysis, so that we can effectively train and further update our algorithms. We have entered into employment or labor service agreements with these internal and external medical experts. We do not control external experts as they are not our employees; therefore, we cannot ensure that these external experts are able to or are willing to continue to collaborate with us. If they cease to collaborate with us, it could delay, adversely affect or prevent the development of our algorithms. In addition, we may also face challenges from competitors if they accumulated relatively larger database. We cannot guarantee the satisfactory performance of any of the experts and if any of such partnership suspend or terminate, we may not be able to effectively train and further update our algorithms which could adversely affect our business, financial condition, cash flows and results of operations.

RISKS RELATING TO OUR OPERATIONS

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

Competition for qualified employees in our industry is intense and the pool of qualified candidates is limited, especially as we are committed to attracting talents with experience across many industries. We may not be able to attract and retain experienced senior management or key clinical and scientific personnel in the future. If one or more of our senior management or key clinical and scientific personnel are unable or unwilling to continue in their present positions or joins a competitor or forms a competing company, we may not be able to replace them in a timely manner or at all, and our product development progress may be disrupted as a result, which will have a material and adverse effect on our business and results of operations. Our business and growth also depend on the continued service of our senior management and personnel in our R&D team to develop pipeline products and our sales and marketing team to promote our products. Although we have formal employment agreements with each of our employees, these agreements do not prevent them from terminating their employment with us at any time. We do not maintain key person insurance for any of our executives or other employees. The loss of the services of any of these persons could impede the achievement of our research, development and commercialization objectives.

Furthermore, replacing executive officers, key employees or consultants may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to successfully develop, gain regulatory approval of and commercialize products. Competition to hire from this limited pool is intense, and we may be unable to hire, train, retain or motivate these key personnel or consultants on acceptable terms given the competition among numerous AI technologies and medical device companies for similar personnel. In addition, we will need to hire additional employees as we expand our commercialization and manufacturing teams. We may not be able to attract and retain qualified employees on acceptable terms. We also experience competition for the hiring of R&D and clinical personnel from universities and research institutions. Our consultants and advisors may be engaged by our competitors and may have commitments under consulting or advisory contracts with other entities that may limit their availability to us. If we are unable to continue to attract and retain high quality personnel, our ability to pursue our growth strategy will be limited.

We face risks related to natural disasters, health epidemics, civil and social disruption and other outbreaks, which could significantly disrupt our operations. In particular, the COVID-19 outbreak in PRC and worldwide has adversely affected, and may continue to adversely affect PRC's economy, which in turn may have a material adverse impact on our business, results of operations and financial condition.

We are vulnerable to social and natural catastrophic events that are beyond our control, such as natural disasters, health epidemics, and other catastrophes, which may materially and adversely affect our business. Since December 2019, a novel strain of coronavirus or COVID-19, has become widespread in China and around the world. In March 2020, the World Health Organization declared the COVID-19 a pandemic, given its threat beyond a public health emergency of international concern that the organization had declared in January 2020. Since early 2020, China and many other countries have taken various restrictive measures to contain the virus' spread, such as quarantines, travel restrictions and home office policies. In addition, with the emergence of COVID-19 variants like the Delta variant in the first quarter of 2021, the duration and extent of the pandemic remain uncertain. Although vaccines are becoming more widely available, there is a significant degree of uncertainty as to the efficacy of vaccines against existing and new variants of COVID-19, and lack of visibility as to the extent and duration of the COVID-19 pandemic and related slowdowns or economic trends. While COVID-19 has begun to show signs of stabilizing in China and our business has started to recover, the downturn brought by and the duration of the COVID-19 outbreak is difficult to assess or predict and the full impact of the virus on our operations will depend on many factors beyond our control. Our business operations could be disrupted if any of our employees is suspected of contracting COVID-19, since our employees could be quarantined and/or our offices be shut down for disinfection. Our business operations may also be adversely affected if our suppliers, partner hospitals or other business partners continue to be affected by COVID-19. The extent to which the COVID-19 outbreak impacts our business, results of operations and financial condition remains uncertain, and we are closely monitoring its impact on us. Our business, results of operations, financial condition and prospects could be materially adversely affected to the extent that COVID-19 harms the Chinese and global

economy in general. To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section.

Security breaches, loss of data, and other disruptions could compromise sensitive information related to our business or prevent us from accessing critical information and expose us to liability, which could adversely affect our business and our reputation.

Despite the implementation of security measures, our internal IT systems may experience damage from computer viruses and unauthorized access. Although to our knowledge we have not experienced any material system failure or security breach up to the Latest Practicable 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.

Our algorithms are developed and powered based on an extensive database of real-world user data. We manage and maintain our applications and data utilizing on-site systems and outsourced vendors. These applications and data encompass a wide variety of business critical information including R&D information, commercial information and business and financial information. Given the importance of these applications and data, 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, exposes to potential law suits, damage to our reputation or a loss of revenues.

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 company and vendor confidential data. We may experience, threats to our data and systems, including malicious codes and viruses, phishing, and other cyber-attacks. 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. 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, ongoing monitoring and updating as technologies change are required to overcome security measures which become increasingly sophisticated. Moreover, despite our efforts, the possibility of these events occurring cannot be eliminated entirely.

Our insurance may not sufficiently cover, or may not cover at all, losses and liabilities we may encounter during the ordinary course of operation.

We maintain insurance policies that are required under PRC laws and regulations as well as based on our assessment of our operational needs and industry practice. We maintain social welfare insurance for our employees in accordance with relevant PRC laws and regulations, and we also maintain commercial insurance for our employees. See also "Business — Insurance." In line with industry practice in the PRC, we have elected not to maintain certain types of insurances, such as business interruption insurance. Our insurance coverage may be insufficient to cover any claim for product liability, damage to our fixed assets or employee injuries. There is no assurance that our insurance policies will be adequate to cover all losses incurred. Losses incurred and associated liabilities may have a material adverse effect on our results of operation if such losses or liabilities are not covered by our insurance policies.

We rely on third-party OEM service providers and raw materials suppliers for the manufacturing of our hardware devices. If these suppliers can no longer provide satisfactory services or products to us on commercially reasonable terms, or at all, our business and results of operations could be adversely affected.

We engaged OEM service providers to manufacture our hardware devices. Pursuant to our agreements with these OEM service providers, they are responsible for assembling and ensuring the compliance with regulatory standards. For details, see "Business — Manufacturing." Selecting, managing and supervising these third-party OEM service providers and raw materials suppliers requires significant resources and expertise. Any disruption in production or inability of our OEM service providers and raw materials suppliers to produce adequate quantities to meet our needs could impair our ability to manufacture products as scheduled and to operate our business on a day-to-day basis. Moreover, we expect our demand for such OEM services and raw materials to increase as we expand our business scale and commercialize our products, and we cannot guarantee that current suppliers have the capacity to meet our demand. We are also exposed to the possibility of increased OEM service fees or raw material costs, which we may not be able to pass on to customers, and as a result, lower our profitability. In addition, although we have implemented quality inspection procedures on the services and raw materials we procure and require our OEM service providers and raw materials suppliers to maintain high quality standards, we cannot guarantee that we will be able to detect all quality issues in the supplies and services we use. These third parties may not be able to maintain and renew all licenses, permits and approvals necessary for their operations or comply with all applicable laws and regulations. Failure to do so by them may lead to interruption in their business operations, which in turn may result in shortage of the services or raw materials supplied to us. If they are unable to do so and the quality of our products suffers as a result, we may have to delay provision of hardware devices, recall our products, be subject to product liability claims, fail to comply with continuing regulatory requirements and incur significant costs to rectify such issue, which may have a material and adverse effect on our business, financial condition and results of operations.

We rely on a limited number of suppliers for procurement of fundus cameras and our raw materials. A significant interruption in the operations of our suppliers could potentially affect our operations and any material misconduct or disputes against our suppliers could potentially harm our business and reputation.

We purchase fundus cameras and source raw materials and services necessary for our business operations from a limited number of suppliers. Before we commenced large-scale commercial production of our AI-FUNDUSCAMERA-P in April 2021, we mainly relied on third parties for the supply of fundus cameras to be used with our software. For the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021, purchases from our five largest suppliers were RMB16.9 million, RMB23.0 million and RMB11.8 million, representing 92.1%, 70.4% and 70.7% of our purchases, respectively. Purchases from our largest supplier for the same periods were RMB8.3 million, RMB8.2 million and RMB3.1 million, representing 45.1%, 25.0% and 18.5% of our purchases, respectively. See "Business — Our Suppliers and Procurement." Our business operations may be interrupted if we encounter delays or difficulties in securing these supplies, or if we become unable to procure supplies from any of these suppliers due to their lack of required licenses, permits or certifications. If we cannot timely obtain an acceptable substitute, our business, financial condition, results of operations and reputation could be adversely affected. We believe that a number of alternative suppliers are capable of supplying all of the raw materials and services necessary for our business operations. However, transitioning to a new supplier may be time consuming and expensive, and may result in interruptions in our operations. In addition, there can be no assurance that alternative suppliers will meet our quality control and performance requirements. If we encounter delays or difficulties in procuring services and supplies we require, our business, financial condition, results of operations and reputation could be adversely affected. Moreover, general economic conditions could also adversely affect the financial viability of our suppliers, resulting in their inability to provide materials and products used in our operations. A significant interruption in the operations of our suppliers could potentially affect our operations and any material misconduct or disputes against our suppliers could potentially harm our business and reputation.

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

We may from time to time become subject to various litigation, legal or contractual disputes, investigations or administrative proceedings arising in the ordinary course of our business, including but not limited to various disputes with or claims from our suppliers, customers, contractors, business partners and other third parties that we engage for our business operations. On-going or threatened litigation, legal or contractual disputes, investigations or administrative proceedings may divert our management's attention and consume their time and our other resources. In addition, any similar claims, disputes or legal proceedings involving us or our

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

Potential acquisition and investment opportunities may increase our capital requirements and subject us to risks and uncertainties.

We may evaluate various opportunities for acquisitions, strategic partnership and investments, including but not limited to in-licensing or acquiring product rights, intellectual properties, technologies or businesses. However, any acquisition or investment, no matter whether completed, in process or being potential, may entail numerous risks, including but not limited to the following:

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

- our inability to generate revenue from acquired technology and/or products sufficient to meet our objectives in undertaking the acquisition or even to offset the associated acquisition and maintenance costs.

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

If we fail to implement our business strategies effectively, our business, financial condition and results of operations may suffer.

As part of our business strategy, we intend to enhance market awareness and strengthen our presence in medical institutions and continue to expand our penetration in consumer healthcare environments tailored to the needs of end customers. We also plan to rapidly advance the development of our portfolio to diversify our AI-empowered retina-based early detection, diagnosis and health risk assessment solutions. For more details, see "Business — Business Strategies." Generally, we are subject to the following risks associated with our expansion strategy:

- uncertainties associated with the local rules and regulations which we may not be familiar with;

- failure to achieve the expected operating levels, target return on investment or intended benefits or operating synergies from new business opportunities; and/or

- our due diligence may not uncover all unknown or contingent liabilities or other negative developments with respect to acquired targets.

There is no assurance that our expansion strategies will be successful. To manage and support our growth, we may need to improve our existing operational and administrative systems, as well as our financial and management controls. If we fail to expand at our expected pace, we may face capacity constraints in the future which may adversely affect our business and financial condition. We also need to continue to properly maintain our relationships with our suppliers and customers. All of these endeavors will require substantial management attention and efforts and significant additional expenditures.

We cannot assure you that we will be able to manage any future growth effectively and efficiently, and any failure to do so may materially and adversely affect our ability to capitalize on new business opportunities, which in turn may have a material and adverse effect on our business, financial condition and results of operations.

We could be subject to criminal sanctions or civil and administrative penalties if we violate any applicable anti-kickback laws, 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 use of any products for which we obtain regulatory approval. Our operations are subject to various applicable anti-kickback, false claims laws, doctor payment transparency laws, fraud and abuse laws or similar healthcare and security laws and regulations in China, including, without limitation, criminal law of the PRC, Regulations on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》) and the Administrative Measures for the Registration of Medical Devices (《醫療器械註冊管理辦法》), as well as other jurisdictions we operate. 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.

Furthermore, there are ambiguities as to what is required to comply with certain requirements, and if we fail to comply with an applicable law requirement, we could be subject to penalties. If any of the doctors or other providers or entities with whom we do business are found to be not in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs, which may also adversely affect our business.

If our employees, third-party suppliers, consultants and commercial partners engage in bribery or corrupt practices or other improper activities, including non-compliance with regulatory standards and requirements, our reputation, our sales activities or the price of our Shares could be adversely affected.

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, third-party suppliers, consultants and commercial partners 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 them. 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 PRC government or other government authorities where we operate 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.

If we fail to maintain or implement an effective internal control system, we may not be able to manage our business effectively and may experience errors or information lapses affecting our business.

As we continue to expand, our success depends on our ability to effectively utilize our standardized management system, information systems, resources and internal controls. We will need to modify and improve our financial and managerial controls, reporting systems and procedures and other internal controls and compliance procedures to meet our evolving business needs. If we are unable to improve our controls, systems and procedures, they may become ineffective and adversely affect our ability to manage our business and cause errors or information lapses that affect our business such as filings with clerical errors. Our efforts in improving our internal control system may not result in eliminating all risks. If we are not successful in discovering and eliminating weaknesses in internal controls, our ability to manage our business effectively may be affected.

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

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

Our leasehold interests in leased properties have not been registered with the relevant PRC governmental authorities as required by relevant PRC laws. The failure to register leasehold interests may expose us to potential fines.

Under the relevant PRC law, all lease agreements are required to be registered with the relevant land and real estate administration bureaus. However, as of the Latest Practicable Date, the lease agreements with respect to five of our leased properties had not been registered and filed with the relevant land and real estate administration bureaus in the PRC. As advised by our PRC Legal Advisors, failure to complete the registration and filing of lease agreements will not affect the validity of the lease agreements or result in us being required to vacate the leased properties. However, the relevant PRC authorities may impose a fine ranging from RMB1,000 to RMB10,000 for each of such lease agreements. See "Business — Properties."

RISKS RELATING TO INTELLECTUAL PROPERTY RIGHTS

We may be unable to obtain and maintain effective patent and other intellectual property rights for our products and pipeline products, and the scope of such intellectual property rights obtained may not be sufficiently broad.

Our commercial success will depend, in large part, on our ability to obtain, maintain and enforce our intellectual property rights, including patent rights to protect our proprietary technology, products and pipeline products. We seek to protect the technology, products and pipeline products that we consider commercially important by filing patent applications in the PRC and other jurisdictions, relying on trade secrets or medical regulatory protection or employing a combination of these methods. This process is expensive and time-consuming, and we may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. We cannot be certain that patents will be issued or granted with respect to our patent applications that are currently pending, or that issued or granted patents will not later be found to be invalid and/or unenforceable, be interpreted in a manner that does not adequately protect our pipeline products, or otherwise provide us with any competitive advantage. Even if we are ultimately granted our patent applications, we may have to expend significant resources and time to defend any challenges to them. As a result, we may not be able to prevent competitors from developing and commercializing competitive products in all such fields and territories.

Patents may be invalidated and patent applications may not be granted for a number of reasons, including known or unknown prior deficiencies in the patent application or the lack of novelty of the underlying invention or technology. We may also fail to identify patentable aspects of our R&D output in time to obtain patent protection. Moreover, the patent position of medical devices companies is generally uncertain because it involves complex legal and factual considerations. Patent applications we had applied may not be granted in the end. As such, we do

not know the degree of future protection that we will have on our products and technology, if any, and a failure to obtain adequate intellectual property protection with respect to our pipeline products could have a material adverse impact on our business.

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

Furthermore, 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 pipeline products 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 pipeline products are expected to expire on various dates as described in "Business — Intellectual Property Rights" of 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 pipeline products, patents protecting such pipeline products might expire before or shortly after such pipeline products 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.

Our patent rights relating to our products and technologies may be found to be invalid or unenforceable if challenged in court or before the CNIPA or courts or related IP agencies in other jurisdictions.

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

Patent protection depends on compliance with various procedural, regulatory and other requirements, and our patent protection could be reduced or eliminated due to non-compliance.

Periodic maintenance fees, renewal fees, annuity fees and various other governmental fees on patents and patent applications are due to be paid to the CNIPA and other patent agencies in several stages over the lifetime of a patent. The CNIPA and other governmental patent agencies require compliance with a number of procedural, documentary, fee payment, and other similar provisions during the patent application process. We are required to take the necessary action to comply with these requirements with respect to our intellectual property. 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 China. 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.

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

The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations, and may not adequately protect our business, or permit us to maintain our competitive advantage. Examples of such uncertainties are set forth as follows:

- others may be able to independently develop similar or alternative technologies or designs that are similar to our services and products but that are not covered by the claims of the patents that we own, or duplicate any of our technologies without infringing our intellectual property rights;

- we might not have been the first to make the inventions covered by the issued patents or pending patent applications that we own or may in the future exclusively license, which could result in the patent applications not issuing or being invalidated after issuing;

- we might not have been the first to file patent applications covering certain of our inventions, which could result in the patent applications not issuing or being invalidated after issuing;

- our pending patent applications may not lead to issued patents;

- issued patents that we own may not provide us with any competitive advantages, or may be held invalid or unenforceable, as a result of legal challenges by our competitors;

- our competitors might conduct research and development activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive services and products for commercialization in our major markets;

- we may fail to develop additional proprietary technologies that are patentable;

- we may fail to apply for or obtain adequate intellectual property protection in all the jurisdictions in which we operate; and

- the patents of others may have an adverse effect on our business, for example by preventing us from commercializing one or more of our products candidates. Any of the aforementioned threats to our competitive advantage could have a material adverse effect on our business.

Intellectual property and other laws and regulations are subject to change, which could diminish the value of our intellectual property and impair the intellectual property protection of our products.

Intellectual property laws, including patent laws, are continuing to change and evolve, and we cannot guarantee that changes to these laws would not adversely affect our intellectual property protection. In China, intellectual property laws are constantly evolving, with efforts being made to improve intellectual property protection in China. For example, the Patent Law of the PRC was amended by the Standing Committee on October 17, 2020 and came into effect on June 1, 2021, which may have potential impact on our existing patent rights and future patent applications. We also cannot guarantee that other changes to PRC intellectual property laws would not have a negative impact on our intellectual property protection.

Moreover, changes in other laws and regulations in our target markets, as well as changes in the geopolitical environment in China and globally may adversely affect our intellectual property protection. For example, stricter enforcement of intellectual property laws in China has been a source of disagreement between China and the United States in the ongoing trade war. It is uncertain as to how the trade war will develop, and whether and how it will affect intellectual property laws, enforcement and protection in China.

If we are unable to protect the confidentiality of our trade secrets, including unpatented know-how, technology and other proprietary information, our business and competitive position would be harmed.

In addition to patents and pending patent applications, we rely on trade secrets and confidential information, including unpatented know-how, technology and other proprietary information, to maintain our competitive position and to protect our products. Protection of our unpatented proprietary information is especially important for our product portfolio and our algorithms. We seek to protect our algorithms, trade secrets and confidential information, in part, by entering into non-disclosure and confidentiality agreements with parties that have access to them, such as our employees, corporate collaborators, hospital collaborators, outside scientific collaborators, consultants, advisors and other third parties. In addition, each of our employees is required to sign a confidentiality agreement and an invention assignment upon joining our company. Nevertheless, an employee or a third party could make an unauthorized disclosure of our proprietary confidential information. This might happen intentionally or inadvertently. It is possible that a competitor will make use of such information, and that our competitive position

will be compromised, in spite of any legal action we might take against persons making such unauthorized disclosures. In addition, to the extent that our employees, consultants or contractors use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions.

Trade secrets are difficult to protect. Although we use reasonable efforts to protect our trade secrets, our employees, consultants, contractors or business partners might intentionally or inadvertently disclose our trade secret information to competitors or our trade secrets may otherwise be misappropriated. Enforcing a claim that a third party illegally obtained and is using any of our trade secrets is expensive and time consuming, and the outcome is unpredictable.

We may be subject to intellectual property infringement or misappropriation claims by third parties, which may force us to incur substantial legal expenses and, if determined adversely against us, could disrupt our business.

The validity, enforceability and scope of intellectual property rights protection in China are uncertain and still evolving. We cannot be certain that our products, algorithms and technologies do not or will not infringe patents, software copyrights, trademarks or other intellectual property rights held by third parties. For example, we are aware of certain utility models granted in China to our competitors that may be relevant to our products. Such utility models have not been subject to substantive examination of the competent authority, and are disclosed by prior *de novo* request and academic papers. Therefore, we believe that the risk that we are found by courts or other competent authorities in China to have infringed on the utility models of third parties is remote. From time to time, we may be subject to legal proceedings and claims alleging infringement of patents, trademarks or copyrights, or misappropriation of creative ideas or formats, or other infringement of proprietary intellectual property rights. Any such proceedings and claims could result in significant costs to us and divert the time and attention of our management and technical personnel from the operation of our business. These types of claims could also potentially adversely impact our reputation and our ability to conduct business and raise capital, even if we are ultimately absolved of all liability. Moreover, third parties making claims against us may be able to obtain injunctive relief against us, which could block our ability to offer one or more devices or tests and could result in a substantial award of damages against us. Intellectual property litigation can be very expensive, and we may not have the financial means to defend ourselves or our customers or collaboration partners.

Because patent applications can take many years to issue, there may be pending applications, some of which are unknown to us, that may result in issued patents upon which our products, tests or proprietary technologies may infringe. Moreover, we may fail to identify issued patents of relevance or incorrectly conclude that an issued patent is invalid or not infringed by our

technology or any of our devices or tests. A substantial amount of litigation involves patents and other intellectual property rights in our industry. If a third-party claims that we infringe upon a third-party's intellectual property rights, we may have to:

- seek to obtain licenses that may not be available on commercially reasonable terms, if at all;
- abandon any product alleged or held to infringe, or redesign our products or processes to avoid potential assertion of infringement;
- pay substantial damages including, in exceptional cases, treble damages and attorneys' fees, if a court decides that the device, test or proprietary technology at issue infringes upon or violates the third-party's rights;
- pay substantial royalties or fees or grant cross-licenses to our technology; and/or
- defend litigation and/or administrative proceedings that may be costly whether we win or lose, and which could result in a substantial diversion of our financial and management resources.

Intellectual property litigation may lead to unfavorable publicity that harms our reputation and causes the market price of our common stock to decline.

During the course of any intellectual property litigation, there could be public announcements of the results of hearings, rulings on motions, and other interim proceedings in the litigation. If securities analysts or investors regard these announcements as negative, the perceived value of our products, programs or intellectual property could be diminished. Accordingly, the market price of our H Shares may decline. Such announcements could also harm our reputation or the market for our products, which could have a material adverse effect on our business.

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 own a number of trademarks and trademark applications in China and in other jurisdictions. Our registered or unregistered 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 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, potential trade name or

trademark infringement claims could be brought by owners of other registered trademarks or trademarks that incorporate variations 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 competitive position, business, financial condition, results of operations, and prospects.

RISKS RELATING TO DOING BUSINESS IN CHINA

China's economic, political and social conditions, government policies may continue to affect our business.

A substantial amount of our businesses, assets, operations and revenues are located in or derived from our operations in China and, as a result, our business, financial condition and results of operations are affected to a large extent by economic, political and legal developments in China. The PRC economy differs from the economies of developed countries in many respects, including the extent of government involvement, investment control, level of economic development, growth rate, control of foreign exchange and allocation of resources. It is still an on-going process for China to transit into a market oriented economy by implementing several economic and social reform measure since the 1970s. Although the PRC government has also implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets, and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China, however, is still owned by the PRC government. Some of these measures benefit the overall PRC economy, but may materially and adversely affect us.

The PRC legal system embodies uncertainties that may affect the protection afforded to our business and our Shareholders.

We are incorporated under the laws of the PRC. 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 you under the PRC legal system may have uncertainties.

Our operations in the PRC are subject to PRC regulations governing PRC companies. These regulations contain provisions that are required to be included in the articles of association of PRC companies and are intended to regulate the internal affairs of these companies. The PRC Company Law and regulations, in general, and the provisions for the protection of Shareholders' rights and access to information, in particular, may be considered less developed than those applicable to companies incorporated in Hong Kong, the United States and other developed countries or regions. In addition, PRC laws, rules and regulations applicable to companies listed overseas do not distinguish between minority and controlling shareholders in terms of their rights and protections. As such, our minority shareholders may not have the same protections afforded to them by companies incorporated under the laws of the United States and certain other jurisdictions.

Gains on the sale of H Shares and dividends on the H Shares may be subject to PRC income taxes.

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

Under applicable PRC tax laws, the dividends we pay to, and gains realized through the sale or transfer by other means of H shares by, non-PRC resident enterprise holders of H shares ("**non-resident enterprise holders**") are both subject to PRC enterprise income tax at a rate of 10%, unless reduced by applicable tax treaties or arrangements. Pursuant to the Arrangements between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) dated August 21, 2006, any non-resident enterprise registered in Hong Kong that holds directly at least 25% of the shares of our Company shall pay enterprise income tax for the dividends declared and paid by us at a tax rate of 5%.

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

payment of such refund will be subject to the PRC tax authorities' verification. As of the Latest Practicable Date, there were no specific rules on how to levy tax on gains realized by non-resident enterprise holders of H shares through the sale or transfer by other means of H shares.

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

For non-resident individual holders, gains realized through the transfer of properties are normally subject to PRC individual income tax at a rate of 20%. However, according to the Circular of the MOF and the SAT on Issues Concerning Individual Income Tax Policies (《財政部、國家税務總局關於個人所得税若干政策問題的通知》), income received by individual foreigners from dividends and bonuses of a foreign-invested enterprise are exempt from individual income tax for the time being. According to the Circular Declaring that Individual Income Tax Continues to Be Exempted over Individual Income from Transfer of Shares issued by the MOF and the SAT (《關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》) effective as of March 30, 1998, income from individuals' transfer of stocks of listed companies continued to be temporarily exempted from individual income tax. On February 3, 2013, the State Council approved and promulgated the Notice of Suggestions to Deepen the Reform of System of Income Distribution (《國務院批轉發展改革委等部門關於深化收入分配制度改革若干意見的通知》). On February 8, 2013, the General Office of the State Council promulgated the Circular Concerning Allocation of Key Works to Deepen the Reform of System of Income Distribution (《國務院辦公廳關於深化收入分配制度改革重點工作分工的通知》). According to these two documents, the PRC government is planning to cancel foreign individuals' tax exemption for dividends obtained from foreign-invested enterprises, and the Ministry of Finance and the State Administration of Taxation should be responsible for making and implementing details of such plan. However, relevant implementation rules or regulations have not been promulgated by the Ministry of Finance and the State Administration of Taxation.

Government control of currency conversion could have a material adverse effect on our business, results of operations, financial condition and prospects.

Our accounts were denominated in Renminbi, which is currently not a fully freely convertible currency. From time to time, we may need other currencies to meet our foreign currency obligations. For example, we need to obtain foreign currency to make payments of declared dividends, if any, on our H Shares. Under China's existing laws and regulations on foreign exchange, following the completion of the Global Offering, we will be able to make dividend

payments in foreign currencies by complying with certain procedural requirements and without prior approval from SAFE. However, in the future, the PRC government may, at its discretion, take measures to restrict access to foreign currencies for capital account and current account transactions under certain circumstances. As a result, we may not be able to pay dividends in foreign currencies to holders of our H Shares.

Fluctuation in the value of the Renminbi may result in foreign currency exchange losses.

The value of the Renminbi against the U.S. dollar and other currencies fluctuates from time to time and is affected by a number of factors, such as changes in China's and international political and economic conditions and the fiscal and foreign exchange policies prescribed by the PRC government. From 1994 until July 2005, the conversion of the Renminbi into foreign currencies in the PRC, including the Hong Kong dollar and U.S. dollar, had been based on fixed rates set by the PBOC. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to the U.S. dollar where the Renminbi is permitted to fluctuate in a regulated band that is based on reference to a basket of currencies determined by the PBOC. On June 19, 2010, the PBOC announced that it intends to further reform the Renminbi exchange rate regime by enhancing the flexibility of the Renminbi exchange rate. Following this announcement, the Renminbi had appreciated from approximately RMB6.83 per U.S. dollar to RMB6.12 per U.S. dollar as of June 15, 2015. On August 11, 2015, PBOC further enlarged the floating band for trading prices in the interbank spot exchange market of Renminbi against the U.S. dollar to 2.0% around the closing price in the previous trading session, and the Renminbi depreciated against the U.S. dollar by approximately 1.9% as compared to August 10, 2015, and further depreciated nearly 1.6% on the next day. On November 30, 2015, the Executive Board of the International Monetary Fund completed the regular five-year review of the basket of currencies that make up the special drawing rights and decided that with effect from October 1, 2016, the Renminbi is determined to be a freely useable currency and will be included in the special drawing rights basket as a fifth currency. With the development of foreign exchange market and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further reforms to the exchange rate system, and the Renminbi could appreciate or depreciate significantly in value against the Hong Kong dollar or the U.S. dollar in the future.

The proceeds from the Global Offering will be received in Hong Kong dollars. As a result, any appreciation of the Renminbi against the U.S. dollar, the Hong Kong dollar or any other foreign currencies may result in the decrease in the value of our proceeds from the Global Offering. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our H Shares in foreign currency. 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 H Shares in foreign currency terms.

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

We are a joint stock company incorporated under the laws of the PRC with limited liability, and a substantial amount of our assets are located in the PRC. In addition, a majority of our Directors and Supervisors and all of our 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 us or most of our Directors, Supervisors and senior management personnel. Furthermore, the PRC does not have treaties providing for the reciprocal enforcement of judgments of courts with the 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 the Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by Courts of the Mainland and the Hong Kong Special Administration 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 "**2006 Arrangement**"), which came into effect on August 1, 2008. Under the 2006 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 pursuant to 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. 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 2006 Arrangement has expressly provided for "enforceable final judgement," "specific legal relationship" and "written form." A final judgement that does not comply with the 2006 Arrangement may not be recognized and enforced in a PRC court.

On January 18, 2019, the Supreme People's Court of the PRC and the government of the Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "**2019 Arrangement**"). Under the 2019 Arrangement, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the effective judgments in civil and commercial cases subject to the conditions set forth in the 2019 Arrangement. Although the 2019 Arrangement has been signed,

it remains unclear when it will come into effect and 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.

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 as advised by our PRC Legal Advisors, in the past we had acted in compliance with the requirements under the relevant PRC tax laws and regulations in all material respects and we believe we 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.

RISKS RELATING TO THE GLOBAL OFFERING AND OUR SHARES

There has been no prior public market for our H Shares, an active trading market for our H Shares may not develop, and their trading price may fluctuate significantly.

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

The trading volume and market price of our H Shares may be volatile, which could result in substantial losses for investors who purchase our H Shares in the Global Offering.

Trading volume and market price of our H Shares may be highly volatile. Several factors, some of which are beyond our control, such as variations in our revenue, earnings and cash flow, strategic alliances, the addition or departure of key personnel, litigation, the removal of the restrictions on H share transactions or volatility in market prices and changes in the demand for our products, could cause large and sudden changes to the market price and trading volume at which our H Shares will trade. The Stock Exchange and other securities markets have, from time to time, experienced significant price and trading volume volatility that are not related to the operating performance of any particular company. This volatility may also materially and adversely affect the market price of our H Shares.

Future issuances or sales, or perceived issuances or sales, of a substantial amount of our H Shares in the public market could materially and adversely affect the prevailing market price of our H Shares and our ability to raise capital in the future.

The market price of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares. Alternatively, if we meet such funding requirements by way of additional debt financing, we may have restrictions placed on us through such debt financing arrangements which may:

- limit our ability to pay dividends or require us to seek consent for the payment of dividends;
- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flows from operations to settle our debt, thereby reducing the availability of our cash flow to fund capital expenditures, working capital requirements and other general corporate needs; and/or
- limit our flexibility in planning for, or reacting to, changes in our business and our industry.

There will be a gap of several days between pricing and trading of our H Shares, and holders of our Shares are subject to the risk that the price of our H Shares could fall during the period before trading of our H Shares begins.

The initial price to the public of our H Shares offered in the Global Offering is expected to be determined on the Price Determination Date. However, the H Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be several business days after the Price Determination Date. As a result, investors may not be able to sell or otherwise deal in the H Shares during that period. Accordingly, Shareholders are subject to the risk that the price of the H Shares when trading begins could be lower than the Offer Price in the event of adverse market conditions or other adverse developments that may occur between the time of sale and the time trading begins.

Raising additional capital may cause dilution in your shareholding or place restrictions on our operations.

We may seek additional funding through a combination of equity offerings, debt financings, collaborations and licensing arrangements. To the extent that we raise additional capital through the sale of equity or convertible 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 H Shares. The incurrence of additional indebtedness or the issuance of certain equity securities could result in increased fixed payment obligations and could also result in certain additional restrictive covenants, such as limitations on our ability to incur additional debt or issue additional equity, limitations on our ability to acquire or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. In addition, issuance of additional equity securities, or the possibility of such issuance, may cause the market price of our H Shares to decline. In the event that we enter into collaborations or licensing arrangements in order to raise capital, we may be required to accept unfavorable terms, including relinquishing or licensing to a third party on unfavorable terms our rights to technologies or drug 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.

Payment of dividends is subject to restrictions under the PRC law and there is no assurance whether and when we will pay dividends.

No dividend has been paid or declared by the Company during the Track Record Period. Under the applicable PRC laws, the payment of dividends may be subject to certain limitations. The calculation of our profit under applicable accounting standards differs in certain respects from the calculation under IFRS. As a result, we may not be able to pay a dividend in a given year even if we were profitable as determined under IFRS. Our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment

as well as the amount of dividends will be subject to our constitutional documents and the PRC laws and regulations and requires approval at our shareholders' meeting. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution.

We cannot guarantee the accuracy of facts, forecasts and other statistics obtained from official governmental sources or other sources contained in this prospectus.

Facts, forecasts and statistics in this prospectus relating to China, the PRC economy and the industry in which we operate are derived from various sources that we believe are reliable, including official government publications as well as a report prepared by Frost & Sullivan that we commissioned. We have taken reasonable care in the reproduction or extraction of the official government publications or other third-party reports for the purpose of disclosure in this prospectus, however, we cannot guarantee the quality or reliability of such source materials. Neither we, the Joint Representatives, 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 and/or other media regarding us, our business, our industry or the Global Offering.

There may have been prior to the publication of this prospectus, and there may be subsequent to the date of this prospectus but prior to the completion of the Global Offering, press and/or media regarding us, our business, our industries and the Global Offering. None of us or any other person involved in the Global Offering has authorized the disclosure of information about the Global Offering in any press or media and none of these parties accepts any responsibility for the accuracy or completeness of any such information or the fairness or appropriateness of any forecast, view or opinion expressed by the press and/or other media regarding our H Shares, the Global Offering, our business, our industry or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information, forecast, view or opinion expressed in any such publication. To the extent that such statements, forecasts, views or opinions are inconsistent or conflict with the information contained in this prospectus, we disclaim them. Accordingly, you are cautioned to make your investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

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

MANAGEMENT PRESENCE IN HONG KONG

According to Rules 8.12 and 19A.15 of the Listing Rules, our Company must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Since all our business operations are not principally located, managed or conducted in Hong Kong, our Company does not, and, for the foreseeable future, will not, have two executive Directors who are ordinarily resident in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules. We will ensure that there is a regular and effective communication between the Stock Exchange and us by way of the following arrangements:

(a) both of our Company's authorized representatives, Mr. Zhang, the chairman of our Board and an executive Director, and Ms. FUNG Po Ting, our company secretary, will act as our Company's principal channels of communication with the Stock Exchange. Accordingly, the authorized representatives of our Company will be able to meet with the relevant members of the Stock Exchange on reasonable notice and will be readily contactable by telephone, facsimile and email;

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

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

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

(e) we have appointed Somerley Capital Limited as our compliance adviser (the "**Compliance Adviser**"), in compliance with Rule 3A.19 of the Listing Rules, who will also act as an additional channel of communication with the Stock Exchange from the Listing Date to the date when our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year immediately following the Listing Date. Pursuant to Rule 19A.05(2) of the Listing Rules, we shall ensure that the Compliance Adviser will have access at all times to our authorized representatives, our Directors and other officers. We shall also ensure that our authorized representatives, Directors and other officers will provide promptly such information and assistance as the Compliance Adviser may need or may reasonably require in connection with the performance of the Compliance Adviser's duties as set forth in Chapter 3A and Rule 19A.06 of the Listing Rules. We shall ensure that there are adequate and efficient means of communication among our Company, our authorized representatives, our Directors, and other officers and the Compliance Adviser, and will keep the Compliance Adviser fully informed of all communications and dealings between us and the Stock Exchange;

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

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

JOINT COMPANY SECRETARIES

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

be acceptable: (i) a member of The Hong Kong Institute of Chartered Secretaries; (ii) a solicitor or barrister (as defined in the Legal Practitioners Ordinance); and (iii) a certified public accountant (as defined in the Professional Accountants Ordinance).

Note 2 to Rule 3.28 of the Listing Rules further sets out that in assessing "relevant experience", the Stock Exchange will consider the individual's: (i) length of employment with the issuer and other listed companies and the roles he/she played, (ii) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code, (iii) relevant training taken and/or to be taken in addition to the minimum requirement of taking not less than fifteen hours of relevant professional training in each financial year under Rule 3.29 of the Listing Rules, and (iv) professional qualifications in other jurisdictions.

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

We have appointed Ms. YANG Wenting as one of our joint company secretaries. Ms. YANG Wenting is our chief financial officer. Her biographical information is set out in "Directors, Supervisors and Senior Management — Senior Management." Since Ms. YANG Wenting does not possess a qualification stipulated in Rule 3.28 of the Listing Rules, she is not able to solely fulfill the requirements as a company secretary of a listed issuer stipulated under Rules 3.28 and 8.17 of the Listing Rules. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Ms. YANG Wenting as our joint company secretary. In order to provide support to Ms. YANG Wenting, we have appointed Ms. FUNG Po Ting, an associate member of The Hong Kong Institute of Chartered Secretaries and an associate member of The Chartered Governance Institute in United Kingdom, who meets the requirements under Rules 3.28 and 8.17 of the Listing Rules, as a joint company secretary to provide assistance to Ms. YANG Wenting, for a three-year period from the Listing Date so as to enable her to acquire the relevant experience (as required under Rule 3.28(2) of the Listing Rules)

to duly discharge her duties. In order to enable Ms. YANG Wenting to have good understanding of the Listing Rules and other applicable Hong Kong laws, Ms. YANG Wenting has also attended the training given by our Hong Kong legal counsel, Kirkland & Ellis, on April 12, 2021.

Pursuant to the Guidance Letter HKEX-GL108-20, such waiver has been granted on the conditions that: (i) Ms. FUNG Po Ting is appointed as a joint company secretary to assist Ms. YANG Wenting in discharging her functions as a company secretary and in gaining the relevant experience under Rule 3.28 of the Listing Rules and such waiver will be revoked immediately if and when Ms. FUNG Po Ting ceases to provide such assistance during the three-year period; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by our Company. We expect that Ms. YANG Wenting will acquire the qualifications or relevant experience required under Rule 3.28 of the Listing Rules prior to the end of the three-year period after the Listing. We will liaise with the Stock Exchange before the end of the three-year period to enable it to assess whether Ms. YANG Wenting, having had the benefit of Ms. FUNG Po Ting's assistance for three years, will have acquired relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

See the section headed "Directors, Supervisors and Senior Management" in this prospectus for further information regarding the qualifications of Ms. YANG Wenting and Ms. FUNG Po Ting.

CONSENT IN RELATION TO ALLOCATION OF H SHARES TO CONNECTED CLIENT OF THE CONNECTED DISTRIBUTOR

Paragraph 5(1) of Appendix 6 to the Listing Rules provides that no allocations will be permitted to "connected clients" of the lead broker or of any distributors without the prior written consent of the Stock Exchange.

Paragraph 13(7) of Appendix 6 to the Listing Rules states that a "connected client" in relation to an exchange participant means any client which is a member of the same group of companies as such exchange participant.

GF Securities (Hong Kong) Brokerage Limited ("**GF Securities**") has been appointed by the Company as one of the Joint Bookrunners, Joint Lead Managers and Underwriters (the "**Connected Distributor**").

GF Fund Management Co., Ltd. ("**GF Fund**") has agreed to be a cornerstone investor in the Global Offering. GF Fund is a member of the same group of companies as GF Securities. Accordingly, GF Fund is a connected client (the "**Connected Client**") of GF Securities under paragraph 13(7) of Appendix 6 to the Listing Rules. For further information on GF Fund, please refer to the section headed "Cornerstone Investors — The Cornerstone Investors — GF Fund Management Co., Ltd." in the prospectus.

We have applied to the Stock Exchange for, and the Stock Exchange has granted us, its consent pursuant to paragraph 5(1) of Appendix 6 to the Listing Rules for the Connected Client to participate as a cornerstone investor in the Global Offering subject to the following conditions:

(a) the H Shares to be allocated to the Connected Client, to the best of the Joint Sponsors' knowledge and belief, will be held on a discretionary basis on behalf of Independent Third Parties;

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

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

(d) no preferential treatment has been, nor will be, given to the Connected Client other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Guidance Letter HKEX-GL51-13;

(e) each of the Company, the Joint Sponsors, the Joint Bookrunners, the Connected Distributor and the Connected Client has provided the Stock Exchange a written confirmation in accordance with Guidance Letter HKEX-GL85-16; and

(f) details of the allocation have been/will be disclosed in this prospectus and the allotment results announcement of the Company.

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

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

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

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

As further described in the section headed "Cornerstone Investors", (i) Lake Bleu Prime Healthcare Master Fund Limited ("**Lake Bleu Prime**"); (ii) LAV Star Limited and LAV Star Opportunities Limited ("**LAV**"); and (iii) OrbiMed Genesis Master Fund, L.P. and OrbiMed New Horizons Master Fund, L.P. ("**OrbiMed**", and collectively with Lake Bleu Prime and LAV, the "**Relevant Cornerstone Investors**"), each of which is an existing Shareholder or its close associates, have entered into cornerstone investment agreements with the Company.

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

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

(b) we and the Joint Sponsors confirm to the Stock Exchange that no preference in allocation has been, nor will be given to the Relevant Cornerstone Investors other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Guidance Letter HKEX-GL51-13 at the Offer Price and the terms of the cornerstone investment agreements of the Relevant Cornerstone Investors must be substantially the same as those of the other cornerstone investors of the Company.

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

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

According to section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, this prospectus shall include an accountants' report which contains the matters specified in the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

According to paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, our Company is required to include in this prospectus a statement as to the gross trading income or sales turnover (as the case may be) of our Company during each of the three financial years immediately preceding the issue of this prospectus as well as an explanation of the method used for the computation of such income or turnover and a reasonable breakdown of the more important trading activities.

According to paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, our Company is required to include in this prospectus a report prepared by our Company's auditor with respect to profits and losses of our Company in respect of each of the three financial years immediately preceding the issue of the prospectus and the assets and liabilities of our Company at the last date to which the financial statements were prepared.

According to section 342A(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the SFC may issue, subject to such conditions (if any) as the SFC thinks fit, a certificate of exemption from 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 strict compliance with any or all of such requirements would be irrelevant or unduly burdensome, or is otherwise unnecessary or inappropriate.

According to Rule 4.04(1) of the Listing Rules, the Accountants' Report contained in this prospectus must include, *inter alia*, the results of our Company in respect of each of the three financial years immediately preceding the issue of this prospectus or such shorter period as may be acceptable to the Stock Exchange.

According to Rule 18A.06 of the Listing Rules, an eligible biotech company shall comply with Rule 4.04 of the Listing Rules modified so that references to "three financial years" or "three years" in that rule shall instead refer to "two financial years" or "two years", as the case may be.

Accordingly, we applied to the SFC for a certificate of exemption from strict compliance with the requirements under section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and a certificate of exemption has been granted by the SFC under section 342A(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, on the conditions that (i) the particulars of the exemption are set forth in this prospectus, and (ii) this prospectus must be issued on or before October 26, 2021, on the following grounds:

(a) our Company is primarily engaged in providing AI-empowered retina-based early detection, diagnosis and health risk assessment solutions, and falls within the scope of biotech company as defined under Chapter 18A of the Listing Rules;

(b) the Accountants' Report for each of the two financial years ended December 31, 2020 and the six months ended June 30, 2021 has been prepared and is set out in Appendix I to this prospectus in accordance with Rule 18A.06 of the Listing Rules;

(c) notwithstanding that the financial results set out in this prospectus are only for the two years ended December 31, 2020 and the six months ended June 30, 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;

(d) furthermore, as Chapter 18A of the Listing Rules provides track record period of two years for biotech companies in terms of financial disclosure, strict compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance would be unduly burdensome for our Company as this would require additional work to be performed by us and our reporting accountants; and

(e) our Directors are of the view that the Accountants' Report covering the two years ended December 31, 2020 and the six months ended June 30, 2021, together with other disclosures in this prospectus, has already provided the potential investors with adequate and reasonably up-to-date information in the circumstances to form a view on the track record of our Company, and our Directors confirm that all information which is necessary for the investing public to make an informed assessment of our Company's business, assets and liabilities, financial position, trading position, management and prospects has been included in this prospectus. Therefore, the exemption would not prejudice the interests of the investing public.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

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

CSRC APPROVAL

We have submitted an application to the CSRC to apply for listing of the H Shares on the Stock Exchange and for the Global Offering and we obtained the letter of acceptance from the CSRC on June 10, 2021.

The CSRC issued an approval letter on August 26, 2021 for the Global Offering and our application to list the H Shares on the Stock Exchange. In granting such approval, the CSRC accepts no responsibility for our financial soundness, nor for the accuracy of any of the statements made or opinions expressed in this prospectus. No other approvals under the PRC laws and regulations are required to be obtained for the listing of the H Shares on the Stock Exchange.

THE HONG KONG PUBLIC OFFERING AND THIS PROSPECTUS

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 2,226,800 Offer Shares and the International Offering of initially 20,040,400 Offer Shares (subject, in each case, to reallocation on the basis as set out in the section headed "Structure of the Global Offering" in this prospectus). For applicants under the Hong Kong Public Offering, this prospectus set out the terms and conditions of the Hong Kong Public Offering.

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

Company, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, agents, employees or advisors or any other party involved in the Global Offering.

Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the H Shares should, 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.

OFFER SHARES FULLY UNDERWRITTEN

The listing of our H Shares on the Stock Exchange is sponsored by the Joint Sponsors and the Global Offering is managed by the Joint Representatives. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to us and the Joint Representatives (on behalf of the Underwriters) agreeing on the Offer Price on or before the Price Determination Date. An International Underwriting Agreement relating to the International Offering is expected to be entered into on or around October 29, 2021, subject to the Offer Price being agreed. The International Offering will be fully underwritten by the International Underwriters under the terms of the International Underwriting Agreement to be entered into.

If, for any reason, the Offer Price is not agreed among us and the Joint Representatives (on behalf of the Underwriters) on or before the Price Determination Date, the Global Offering will not proceed and will lapse. For full information about the Underwriters and the underwriting arrangements, see the section headed "Underwriting" in this prospectus.

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.

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.

OVER-ALLOTMENT OPTION AND STABILIZATION

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

RESTRICTIONS ON OFFER AND SALE OF H SHARES

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

No action has been taken to permit a public offering of the H Shares in any jurisdiction other than Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and 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 Offer Shares have not been publicly offered or sold, directly or indirectly, in the PRC or the U.S.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering (including any additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option).

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, if the permission for the H Shares to be listed on the Stock Exchange pursuant to this prospectus has been refused before the expiration of three weeks from the date of the closing of the Global Offering or such longer period not exceeding six weeks as may, within the said three weeks, be notified to us by or on behalf of the Stock Exchange, then any allotment made on an application in pursuance of this prospectus shall, whenever made, be void.

COMMENCEMENT OF DEALINGS IN THE H SHARES

Dealings in the H Shares on the Stock Exchange are expected to commence at 9:00 a.m. on Friday, November 5, 2021. Except for our pending application to the Stock Exchange for the listing of, and permission to deal in, the H Shares, no part of our share or debt securities is listed on or dealt in on the Stock Exchange or any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the H Shares on the Stock Exchange and our compliance with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. 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 arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

H SHARE REGISTER AND STAMP DUTY

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

Hong Kong stamp duty will be charged on the sale and purchase of Shares at the current rate of 0.26% of the consideration for, or (if greater) the value of, the Shares being sold or purchased, whether or not the sale or purchase is on or off the Stock Exchange. The Shareholder selling the Shares and the purchaser will each be liable for one-half of the amount of Hong Kong stamp duty payable upon such transfer. In addition, a fixed duty of HK$5 is currently payable on any instrument of transfer of Shares.

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

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

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

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

(ii) agrees with us, each of our Shareholders, Directors, Supervisors, managers and officers, and we, acting for ourselves and for each of our Directors, Supervisors, managers and officers agree with each Shareholder, to refer all differences and claims arising from our Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning our affairs to arbitration in accordance with our Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award, which shall be final and conclusive;

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

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

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisors as to the taxation implications of subscribing for, purchasing, holding or disposing of, and/or dealing in the H Shares or exercising rights attached to them. None of us, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, agents 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, purchase, holding, disposition of, or dealing in, or the exercise of any rights in relation to, the H Shares.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations among certain Renminbi amounts into Hong Kong dollars, of Renminbi amounts into U.S. dollars and of Hong Kong dollars into U.S. dollars at specified rates. Unless indicated otherwise, the translation of Renminbi into Hong Kong dollars, of Renminbi into U.S. dollars and of Hong Kong dollars into U.S. dollars, and vice versa, in this prospectus was made at the following rates:

HK$1.00 to RMB0.8266 (being the most recent exchange rate available on the Latest Practicable Date);

RMB6.4300 to US$1.00 (being the most recent exchange rate available on the Latest Practicable Date); and

HK$7.7789 to US$1.00 (being the most recent exchange rate available on the Latest Practicable Date).

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

LANGUAGE

Translated English names of Chinese laws and regulations, governmental authorities, departments, entities (including certain members of our Group), institutions, natural persons, facilities, certificates, titles and the like included in this prospectus and for which no official English translation exists are unofficial translations for identification purposes only. In the event of any inconsistency, the Chinese name shall prevail.

ROUNDING

Unless otherwise stated, all the numerical figures are rounded to one or two decimal places. Any discrepancies in any table or chart between totals and sums of amounts listed therein are due to rounding.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. ZHANG Dalei (張大磊)	No. 214, Building 9 No. A2, Niangniangfu Haidian District Beijing PRC	Chinese
Mr. GAO Fei (高斐)	Room 2603, Building 19 No. 172 Beiyuan Road, Wanxingyuan Chaoyang District Beijing PRC	Chinese
Dr. CHEN Yuzhong (陳羽中)	Room 301, No. 20, Lane 32 Zhongyuan Road Yangpu District Shanghai PRC	Chinese
Mr. CHEN Hailong (陳海龍)	Room 1010, Building 216 Shaoyaoju Beili, Taiyanggong District Chaoyang District Beijing PRC	Chinese
Non-executive Directors		
Mr. JIANG Bo (蔣波)	Room 1811, Building 1 No. 6, Chaoyang Park South Road Chaoyang District Beijing PRC	Chinese
Ms. WANG Mi (王謐)	Room 1502, Unit 5, Building 1 No. 10 Quanzong Road Haidian District Beijing PRC	Chinese

Name	Address	Nationality
Independent non-executive Directors		
Mr. NG Kong Ping Albert (吳港平)	Flat E, 7/F Fulham Garden 84 Pok Fu Lam Road Pok Fu Lam Hong Kong	Chinese (Hong Kong)
Mr. WU Yangfeng (武陽豐)	No. 167 Beilishi Road Xicheng District Beijing PRC	Chinese
Mr. HUANG Yanlin (黃彥林)	No. 407 Zhaojiabang Road Xuhui District Shanghai PRC	Chinese

SUPERVISORS

Name	Address	Nationality
Mr. WEI Yubo (魏宇博)	105, Building 16 ID City, Shunyi District Beijing PRC	Chinese
Ms. BAI Huihui (白惠惠)	705, Block B, Building 10 Shenfang Chuanqishan Guangming District Shenzhen PRC	Chinese
Ms. ZHOU Wenjuan (周雯娟)	San'ai Center, No. 15 Guanghuali Chaoyang District Beijing PRC	Chinese

For further details of our Directors and Supervisors, see "Directors, Supervisors and Senior Management."

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors	**UBS Securities Hong Kong Limited** 52/F Two International Finance Centre 8 Finance Street Central Hong Kong **CLSA Capital Markets Limited** 18/F, One Pacific Place 88 Queensway Hong Kong
Joint Representatives	**UBS AG Hong Kong Branch** 52/F Two International Finance Centre 8 Finance Street Central Hong Kong **CLSA Limited** 18/F, One Pacific Place 88 Queensway Hong Kong
Joint Global Coordinators	**UBS AG Hong Kong Branch** 52/F Two International Finance Centre 8 Finance Street Central Hong Kong **CLSA Limited** 18/F, One Pacific Place 88 Queensway Hong Kong **CMB International Capital Limited** 45/F, Champion Tower 3 Garden Road Central Hong Kong

	Essence International Securities (Hong Kong) Limited 39th Floor, One Exchange Square Central Hong Kong
	Haitong International Securities Company Limited 22/F Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
Joint Bookrunners	**UBS AG Hong Kong Branch** 52/F Two International Finance Centre 8 Finance Street Central Hong Kong
	CLSA Limited 18/F, One Pacific Place 88 Queensway Hong Kong
	CMB International Capital Limited 45/F, Champion Tower 3 Garden Road Central Hong Kong
	Essence International Securities (Hong Kong) Limited 39th Floor, One Exchange Square Central Hong Kong
	Haitong International Securities Company Limited 22/F Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong

China PA Securities (Hong Kong) Company Limited
Unit 3601, 07 & 11-13
36/F, The Center
99 Queen's Road Central
Central
Hong Kong

Fosun Hani Securities Limited
Suite 2101-2105
21/F Champion Tower
3 Garden Road
Central
Hong Kong

GF Securities (Hong Kong) Brokerage Limited
29-30/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Guodu Securities (Hong Kong) Limited
Rm1307, 13/F, Bank of America Tower
12 Harcourt Road
Central
Hong Kong

SPDB International Capital Limited
33/F, SPD Bank Tower
One Hennessy
1 Hennessy Road
Hong Kong

Joint Lead Managers

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

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

CMB International Capital Limited
45/F, Champion Tower
3 Garden Road
Central
Hong Kong

Essence International Securities (Hong Kong) Limited
39th Floor, One Exchange Square
Central
Hong Kong

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

China PA Securities (Hong Kong) Company Limited
Unit 3601,07 &11-13
36/F, The Center
99 Queen's Road Central
Central
Hong Kong

Fosun Hani Securities Limited
Suite 2101-2105
21/F Champion Tower
3 Garden Road
Central
Hong Kong

GF Securities (Hong Kong) Brokerage Limited
29-30/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Guodu Securities (Hong Kong) Limited
Rm1307, 13/F, Bank of America Tower
12 Harcourt Road
Central
Hong Kong

SPDB International Capital Limited
33/F, SPD Bank Tower
One Hennessy
1 Hennessy Road
Hong Kong

Futu Securities International (Hong Kong) Limited
(in relation to the International Offering only)
Unit C1-2, 13/F United Centre
No. 95 Queensway
Admiralty
Hong Kong

US Tiger Securities, Inc.
(in relation to the International Offering only)
437 Madison Ave
27th Floor
New York 10022
United States of America

uSmart Securities Limited
(in relation to the International Offering only)
Unit 2606, 26/F FWD Financial Centre
308 Des Voeux Road Central
Hong Kong

Legal advisors to our Company	*As to Hong Kong and United States laws:* **Kirkland & Ellis** 26/F, Gloucester Tower The Landmark 15 Queen's Road Central Hong Kong *As to PRC laws:* **Zhong Lun Law Firm** 23-31/F, South Tower of CP Center 20 Jin He East Avenue Chaoyang District Beijing PRC
Legal advisors to the Joint Sponsors and the Underwriters	*As to Hong Kong and United States laws:* **Sullivan & Cromwell (Hong Kong) LLP** 20th Floor, Alexandra House 18 Chater Road, Central Hong Kong *As to PRC laws:* **Commerce & Finance Law Offices** 12-14th Floor, China World Office 2 No. 1, Jianguomenwai Avenue Beijing PRC
Auditor and Reporting Accountants	**KPMG** *Certified Public Accountants* 8th Floor, Prince's Building 10 Chater Road, Central Hong Kong

Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Suite 2504 Wheelock Square 1717 Nanjing West Road Shanghai PRC
Compliance Adviser	**Somerley Capital Limited** 20/F, China Building 29 Queen's Road Central Hong Kong
Receiving Bank	**Bank of China (Hong Kong) Limited** 1 Garden Road Hong Kong

Head Office, Registered Office and Principal Place of Business in the PRC	Room 21, 4th Floor, Building 2, A2 Yard West Third Ring North Road Haidian District Beijing PRC
Principal Place of Business in Hong Kong	Room 1901, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Company's Website	**www.airdoc.com** *(information on this website does not form part of this prospectus)*
Joint Company Secretaries	**Ms. YANG Wenting (楊文婷)** No. 11 Wenjin Street Xicheng District Beijing PRC **Ms. FUNG Po Ting (馮寶婷)** *(ACG and ACS)* Room 1901, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Authorized Representatives	**Mr. ZHANG Dalei (張大磊)** No. 214, Building 9 No. A2, Niangniangfu Haidian District Beijing PRC **Ms. FUNG Po Ting (馮寶婷)** *(ACG and ACS)* Room 1901, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong

Audit Committee	Mr. NG Kong Ping Albert *(Chairman)* Mr. HUANG Yanlin Mr. WU Yangfeng
Remuneration and Appraisal Committee	Mr. HUANG Yanlin *(Chairman)* Mr. GAO Fei Mr. NG Kong Ping Albert
Nomination Committee	Mr. ZHANG Dalei *(Chairman)* Mr. HUANG Yanlin Mr. WU Yangfeng
Strategy Committee	Mr. ZHANG Dalei *(Chairman)* Mr. NG Kong Ping Albert Mr. WU Yangfeng
H Share Registrar	**Tricor Investor Services Limited** Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Principal Banks	**Beijing Jingcheng Building Branch of China CITIC Bank** Jingcheng Building, No. 6 Xinyuan South Road Chaoyang District Beijing PRC **Beijing Wanquanhe Branch of China Merchants Bank** 5A, Yangchun Guanghua Jiayuan Wanliu East Road, Haidian District Beijing PRC **Beijing Branch of HSBC Bank (China) Company Limited** Ground Floor, Building A, COFCO Plaza No. 8 Jianguomennei Street, Dongcheng District Beijing PRC

Certain information and statistics set out in this section and elsewhere in this prospectus relating to the industry in which we operate are derived from the F&S Report prepared by Frost & Sullivan, an independent industry consultant who was commissioned by us. The information extracted from the F&S Report should not be considered as a basis for investments in the Offer Shares or as an opinion of Frost & Sullivan as to the value of any securities or the advisability of investing in our Company. We believe that the sources of such information and statistics are appropriate for such information and statistics and have taken reasonable care in extracting and reproducing such information and statistics. We have no reason to believe that such information and statistics are false or misleading or that any fact has been omitted that would render such information and statistics false or misleading in any material respect. Our Directors have confirmed, after making reasonable inquiries and exercising reasonable care, that there is no adverse change in the market information since the date of publication of the F&S Report or any of the other reports which may qualify, contradict or have an impact on the information in this section. No independent verification has been carried out on such information and statistics by us, the Joint Sponsors or any other persons or parties involved in the Global Offering, except for Frost & Sullivan, or their respective directors, officers, employees, advisers, or agents, and no representation is given as to the accuracy or completeness of such information and statistics. Accordingly, you should not place undue reliance on such information and statistics. Unless and except for otherwise specified, the market and industry information and data presented in this section is derived from the F&S Report.[(1)]

OVERVIEW OF DEEP LEARNING AI TECHNOLOGY

Artificial intelligence (AI) is a branch of computer science that aims to emulate human intelligence through intelligent systems such as image analysis and speech recognition. Machine learning is a subset of AI focused on building applications that enables machines to learn from data or experiences without being explicitly programmed. Machine learning uses algorithms to extract knowledge from large amounts of data. It uses large amounts of structured and semi-structured data to generate accurate predictions.

(1) The contract sum to Frost & Sullivan is RMB1,180,000 for the preparation and use of the F&S Report, and we believe that such fees are consistent with the market rate. Frost & Sullivan is an independent global consulting firm, which was founded in 1961 in New York. In compiling and preparing the F&S Report, Frost & Sullivan has adopted the following assumptions: (i) global economy is likely to maintain steady growth in the next decade; (ii) global social, economic, and political environment is likely to remain stable in the forecast period; (iii) no opposing government measure introduced and increasing level of acceptance to use AI based medical imaging; and (iv) there is no war or large scale disaster during the forecast period. Frost & Sullivan has conducted detailed primary research which involved discussing the status of the industry with leading industry participants and industry experts. Frost & Sullivan has also conducted secondary research which involved reviewing annual financial reports of listed companies, independent research reports and data based on its own research database. Frost & Sullivan has obtained the figures for the projected total market size from historical data analysis plotted against macroeconomic data as well as specific related industry drivers.

Deep learning, widely considered to be "scalable machine learning", is a subset of machine learning which refers to algorithms developed to mimic the neuronal connectivity of the human brain to perform intelligent tasks, including complex tasks such as analyzing medical images for early detection and diagnosis of chronic diseases. Deep learning distinguishes itself from machine learning by how the algorithms learns and the amount of data it uses. Machine learning algorithms rely on human intervention to determine the hierarchy of features to understand the differences between data inputs and it usually learns from large amount of structured data. Deep learning automates the progress of feature extraction, eliminate most of the human intervention, and allows the use of massive amounts of data to improve its accuracy.

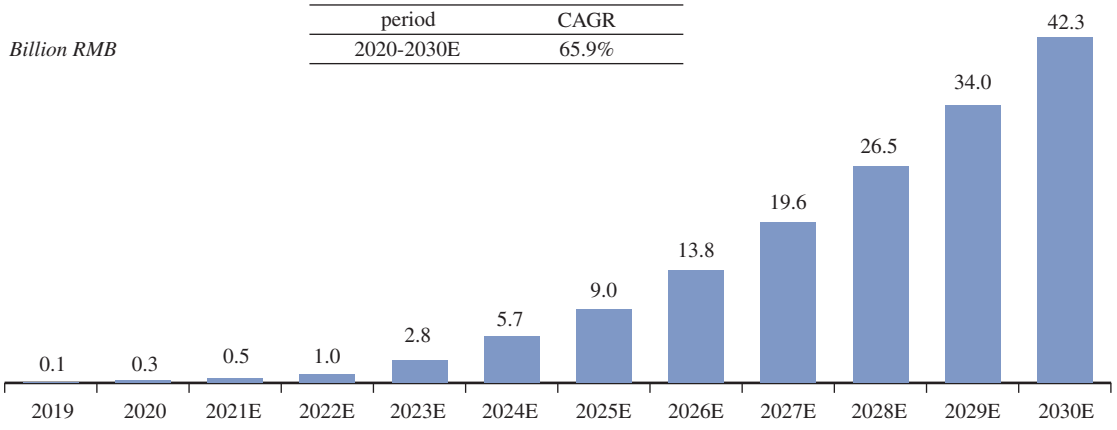
AI-BASED MEDICAL IMAGING MARKET IN CHINA

Advancements in AI technologies, especially deep learning technologies, have driven the integration of AI in the healthcare industry. With the ability to analyze large volumes of complex data by learning from real-world feedback, AI technologies have been increasingly applied to medical imaging in various applications, including early detection, diagnosis and health risk assessment. Compared to traditional medical imaging, AI-based medical imaging enables a non-invasive, accurate, fast, effective and scalable solution to detect, diagnose and assess risks of diseases to address various healthcare needs for the wider population.

China's AI-based medical imaging market is expected to increase from RMB0.3 billion in 2020 to RMB92.3 billion in 2030 at a 76.7% CAGR from 2020 to 2030. AI-based medical imaging is used in medical institutions primarily to assist physicians with disease detection and diagnoses, and accounts for approximately 86% of the AI-based medical imaging market in 2020. AI-based medical imaging is used in consumer healthcare environments primarily for health risk assessment. AI-based medical imaging in consumer healthcare environments is a white space segment and is expected to experience faster growth compare to AI-based medical imaging in medical institutions at a 102.7% CAGR from 2020 to 2030.

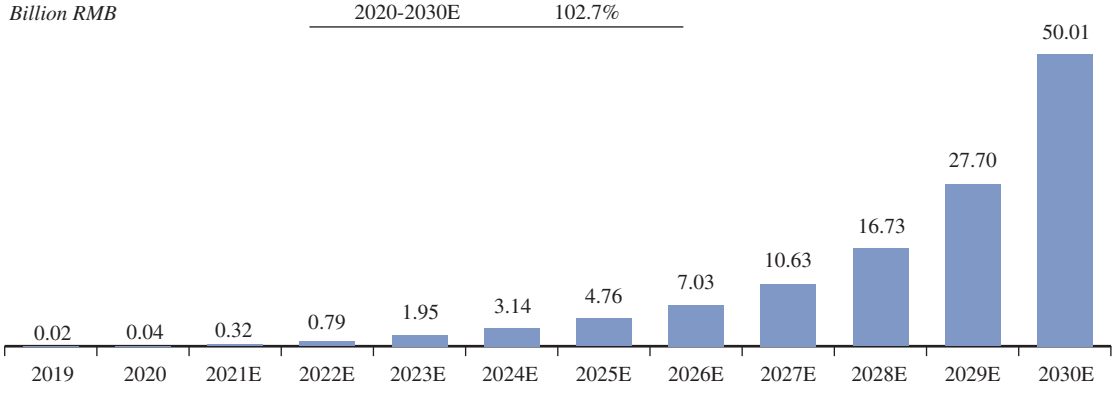
The following diagrams illustrate the PRC AI-based medical imaging market size in medical institutions and consumer healthcare environments for the periods indicated.

AI-based Medical Imaging Market Size, 2019-2030E
(Medical Institutions)



AI-based Medical Imaging Market Size, 2019-2030E
(Consumer Healthcare Environment)

period	CAGR
2020-2030E	102.7%



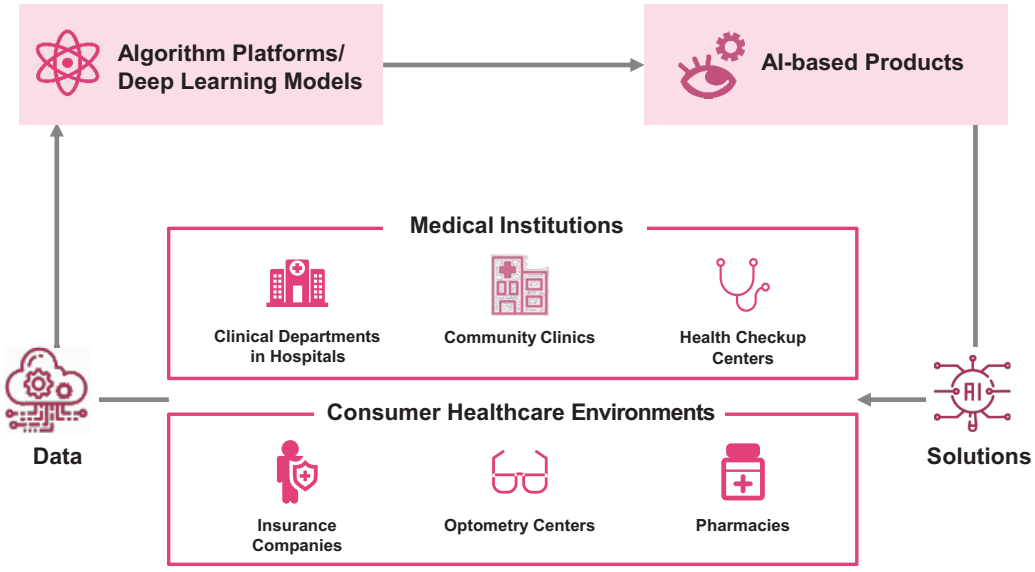
Source: Frost & Sullivan

There is a growing demand from medical institutions for AI-based medical imaging as a result of the rising prevalence of various eye diseases, such as age-related macular degeneration, diabetic retinopathy and hypertensive retinopathy. The demand for screening and diagnosis of eye diseases from medical institutions will significantly increase as AI-based medical imaging could efficiently and accurately identify early symptoms of certain chronic diseases, which can help physicians to largely improve work efficiency in Grade III and Grade II hospitals and tackle the imbalance between medical resources and medical needs in primary health institutions.

The growing prevalence of chronic diseases will also stimulate the demand for health risk assessment of consumer healthcare providers such as insurance companies.

The AI-Based Medical Imaging Ecosystem

AI-based medical imaging solution providers and solution users are key stakeholders in the AI-based medical imaging virtuous cycle. Providers of AI-based medical imaging solutions, including algorithm platforms, hardware devices, services and infrastructures, rely on a massive input of real-world data to train their algorithms, improve the hardware devices, optimize the services performances and apply these algorithms in various healthcare environments to find the abnormalities and patterns in images and identify specific markers. Solution users, including hospitals, health checkup centers, insurance companies, optometry centers and pharmacies, who provide these solutions to end-users, use these solutions to analyze input medical images to be used in these solutions for disease detection, diagnosis or risk assessment to serve end customers. When these medical images are analyzed by the AI-based solutions, they can help optimize the deep learning algorithms of the solutions, hardware device designs and service infrastructures, creating a virtuous cycle of data collection, technology optimization and solution enhancement.



AI-BASED RETINAL IMAGING IN CHINA

AI-based medical imaging in China mainly includes lung imaging, retinal imaging, cardiovascular imaging, trauma imaging and breast imaging, among others. AI-based retinal imaging has experienced the fastest growth in AI-based medical imaging market which grows at a CAGR of 171.0% from 2019 to 2021, compared with cardiovascular imaging market with a CAGR of 104.4% and lung imaging market with a CAGR of 114.4%, as it has witnessed the early commercialization in AI medical imaging industry in China and has been applied in a variety of environments, including medical institutions and consumer healthcare environments.

The retina is the light-sensitive layer at the back of the eye that triggers nerve impulses and transmits such impulses to the brain through the optic nerve. It is the only part of the human body where both blood vessels and nerve cells can be directly observed in a non-invasive manner. Changes in blood vessels and nerve cells can be indicators of various chronic diseases. Retinal imaging is therefore used to directly observe and analyze blood vessels and nerve cells to detect, diagnose and assess risks of chronic diseases, including ocular diseases, such as diabetic retinopathy, pathological myopia, retinal vein occlusion, glaucoma and AMD, as well as other chronic diseases, including hypertension, diabetes, ICVD, Parkinson's disease and anemia.

AI-based retinal imaging is developed based on deep learning algorithms, analyzing retinal images and classifying them by disease and lesion. The manifestation of a disease in the retina is difficult to be detected in the early stage, especially manually by physicians. With the help of high-precision AI-based retinal imaging and analysis, subtle changes due to the disease can now be detected. Starting from 2015, IBM Watson and Google DeepMind introduced AI technologies to analyze key anomalies in retinal images, including AMD, diabetic retinopathy and glaucoma. Since

2014, AI-based retinal imaging began to develop in China with new market players emerging and began to expand from single disease screening to comprehensive diagnosis of various diseases and lesions. The emerging AI-based retinal imaging market is driven by:

- *Imbalanced allocation of medical resources and shortage of experienced physicians.* The aging population and increasing prevalence of chronic diseases in China over the last decade have paved the way for huge demand for AI medical imaging in China. Different from acute or incurable diseases, chronic diseases need long-term, routine and scientific management, and can result in a heavy economic burden on society, patients and their families if not addressed with effective and timely disease management. Detection and diagnosis of chronic diseases in their early stage enables prompt treatment that can slow or prevent disease development and reduce costly health outcomes. However, this has not been possible on a nationwide scale due to the imbalanced allocation of medical resources and the shortage of experienced physicians. AI-based retinal imaging can address these needs by offering non-invasive, accurate, fast, effective and scalable chronic disease early detection and ongoing management solutions and lower reliance on specialized and experienced physicians.

- *Technology upgrades and innovation.* Technology upgrades and innovation, especially the continued development and optimization, and increased application of deep learning technology, has the potential to transform healthcare by enabling highly efficient and highly scalable detection, diagnosis and risk assessment for the whole population. Recently development of deep learning algorithms has attained impressive performance in many fields such as image classification, object detection and semantic segmentation. The performance of these deep learning algorithms has begun to exceed human performance in many tasks. Human top-5 classification error rate on the large scale ImageNet dataset has been reported to be 5.1%, whereas a deep learning algorithm achieves a top-5 error rate of 3.57%. The higher accuracy of deep learning algorithm indicates that AI-based medical imaging devices can help enable physicians to achieve a more accurate result in diagnosing retina-related diseases and can be used in scenarios that lack medical professionals, where AI-based medical imaging devices can be a supplement and provide early screening and diagnosis services for people at high risk of eye diseases. AI-based medical imaging and the adoption of deep learning algorithms enable outstanding solutions for image classification by disease type, lesion detection and lesion segmentation. For example, the CheXNet models developed by Stanford University exceeds the average radiologist performance on the pneumonia detection test and achieved F1 score of 0.435 (95% CI 0.387, 0.481), higher than the radiologist average of 0.387 (95% CI 0.330, 0.442). With the improvement and advances in

AI-based medical imaging, AI-based retinal imaging could provide an efficient solution that augments human intelligence in healthcare, with the use of algorithms in the analysis of complex medical data to provide useful diagnostic outputs.

- *Increasing government expenditure and policy support for AI-based medical imaging.* Since 2016, the PRC government had promulgated a series of laws and regulations to promote the development of AI-based medical imaging in China. For example, the NMPA updated the Medical Device Classification Catalogue (《醫療器械分類目錄》) to include AI medical devices as Class II or Class III medical devices. In July 2019, the NMPA published the Evaluation Guidelines for Deep Learning Assisted Decision-Making Medical Device Software (《深度學習輔助決策醫療器械軟件審評要點》), which further clarifies the clinical trial requirements and approval procedures for deep learning-based medical devices. In 2020, AI-based diabetic screening software included in the Guidelines for the Prevention and Treatment of Type II Diabetes Mellitus in China (2020 Edition) (《中國2型糖尿病防治指南 (2020版)》), serving as strong recognition and validation of AI-based diabetic retinopathy screening for the prevention and treatment of diabetes.

- *Growing capital support.* The healthcare industry has become a major application for AI technologies with the investors recognizing the enormous potential that AI solutions can offer for improving the quality of healthcare services, expanding the reach of healthcare services and reducing healthcare costs. From 2015 to 2020, investments in China's AI-based medical imaging market increased from RMB0.5 billion in 2015 to RMB3.5 billion in 2020 at a CAGR of 45.3%. Initial capital injections play a vital role in the formation of the AI-based retinal imaging market. Because the market of AI-based medical devices is still nascent, growing capital support will keep driving the development of AI technologies to reform the traditional methods to cut costs, improve treatment, and boost accessibility of healthcare.

ADVANTAGES OF AI-BASED RETINAL IMAGING BY APPLICATION ENVIRONMENT

In China, AI-based retinal imaging is more and more being used in medical institutions, including hospitals, community clinics and health checkup centers, and consumer healthcare environments, such as insurance companies, optometry centers and pharmacies.

Medical Institutions

Compared with traditional retinal imaging approaches, AI-based retinal imaging has the following advantages:

- *Diagnosis efficiency*: AI-based retinal imaging can independently complete preliminary screening within a short duration and send results to the doctor for final diagnosis, shortening the doctor's image analysis time and improving diagnosis efficiency.

- *Mitigate the imbalance of medical resources*: AI-based retinal imaging could lower the need for extensive healthcare resources for the treatment of chronic diseases by offering patients more medical opportunities and improved diagnosis capabilities in regions where medical resources are limited or unavailable. Therefore, this reduces the heavy economic burden on society, patients and their families.

- *Diagnostic accuracy*: AI-based medical imaging has the potential to enhance image recognition in ways that allow for more efficient and accurate diagnoses and more effective use of highly skilled physicians. By enhancing diagnostic throughput and accuracy, healthcare systems can improve physicians' productivity and help enable physicians to handle a wider range of medical image analysis tasks. With greater diagnostic efficiency and efficacy, patients may be able to avoid unnecessary checks and receive treatment more quickly when it is needed. These results can help improve patient outcomes, increase patient and clinician satisfaction, and contribute to lower healthcare costs.

Consumer Healthcare Environments

- *Health risk management.* AI-based retinal imaging could fulfill the unmet need for health risk assessment by providing accessible and continuous health management. Medical institutions currently do not have enough capacities to provide such healthcare services and therefore creating opportunities for AI-based health risk assessment solutions in consumer healthcare environments.

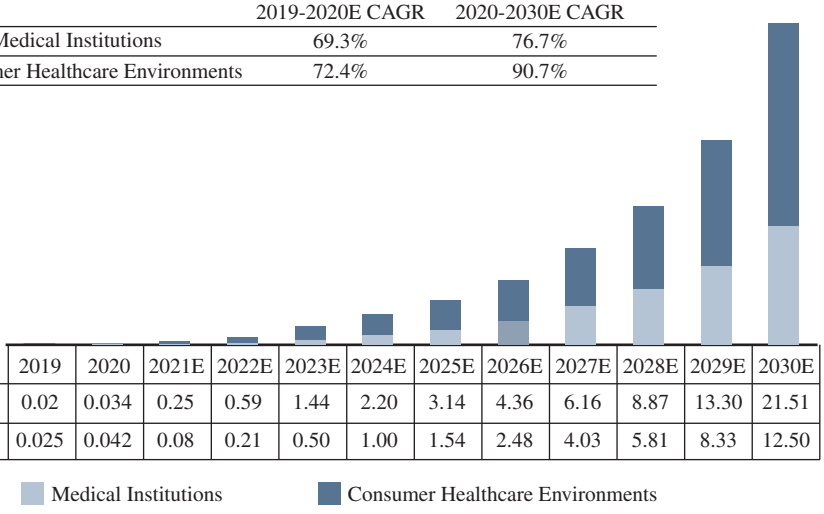
- *Comprehensive and customized products and services.* AI-based retinal imaging is developed and optimized based on the consumer healthcare customer's needs and accommodate the unique features for their businesses, which could fulfill the needs of consumer healthcare customers to enhance their service capabilities to offer value-added services, such as health risk assessment.

The following tables set forth the breakdown of the PRC AI-based retinal imaging market in medical institutions and consumer healthcare environments for the periods indicated.

AI-based Retinal Imaging Market Size, 2019-2030E

	2019-2020E CAGR	2020-2030E CAGR
Medical Institutions	69.3%	76.7%
Consumer Healthcare Environments	72.4%	90.7%

Billion RMB



	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Consumer Healthcare Environments	0.02	0.034	0.25	0.59	1.44	2.20	3.14	4.36	6.16	8.87	13.30	21.51
Medical Institutions	0.025	0.042	0.08	0.21	0.50	1.00	1.54	2.48	4.03	5.81	8.33	12.50

Source: Frost & Sullivan

MARKET POTENTIAL BY DISEASE TYPE

Chronic diseases, including diabetes and cardiovascular diseases become the prevalent cause of death for people over 60 years old. Many chronic diseases, such as diabetes, hypertension, and cardiovascular and cerebrovascular conditions, leave telltale clues of their presence in the retina. By detecting these clues using retinal imaging technologies, physicians can treat the underlying diseases earlier, more successfully, and at a lower cost.

Endocrinology Diseases

- *Diabetic retinopathy.* Diabetic retinopathy is one of the severe complications of diabetes, caused by high blood sugar levels that damage the retina. Early-stage diabetic retinopathy is often asymptomatic. With the increasing prevalence of diabetes in China, the diabetic retinopathy patient population in China increased from 32.5 million in 2015 to 37.3 million in 2020 with a 2.8% CAGR and is forecasted to reach 50.6 million in 2030 at a CAGR of 3.1% from 2020 to 2030. Regular and continuous monitoring of diabetic retinopathy could facilitate the evaluation of the progress of diabetes and therefore effectively intervene and alleviate the risks of severe complications such as vision loss, diabetic nephropathy and diabetic cardiomyopathy. As such, there is a significant need for AI-based diabetic retinopathy screening that makes use of AI technologies such as deep learning algorithms to rapidly process and analyze retinal

images, supporting physicians in making diagnoses. The market size of the diabetic retinopathy screening market in China reached RMB2.2 billion in 2020 and is forecasted to reach RMB10.0 billion in 2030 at a CAGR of 16.6% from 2020 to 2030.

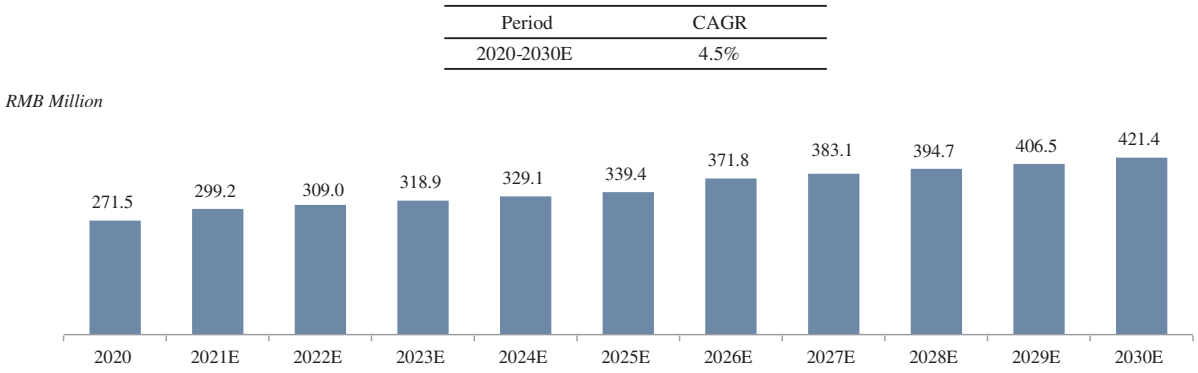
Cardiac Diseases

- *Hypertensive retinopathy.* Hypertensive retinopathy is retinal vascular damage caused by hypertension. Hypertension is one of the most common chronic diseases in China with over 324.4 million patients in 2020. Hypertensive retinopathy is considered to be one of the most significant factors to detect and monitor severe hypertension. Hypertensive retinopathy patients should conduct retinal screening one to two times a year according to the severity of their conditions. However, less than 15.0% of hypertensive patients conduct regular checkups, which leads to an increase of hypertensive retinopathy patient population in China from 34.8 million in 2015 to 42.2 million in 2020 with a 3.9% CAGR. The market size of hypertensive retinopathy screening in China reached RMB8.8 billion in 2020 and is forecasted to reach RMB27.0 billion in 2030 at a CAGR of 11.9% from 2020 to 2030.

- *Retinal vein occlusion.* Retinal vein occlusion is a condition of eye that may cause partial or total vision loss, which is caused by a blockage in the primary vein that drains blood from the retina, or a small branch of this vein. Retinal vein occlusion may be asymptomatic, especially in early stages. The retinal vein occlusion patient population in China increased from 5.6 million in 2015 to 6.7 million in 2020 with a 3.7% CAGR and is forecasted to reach 9.5 million in 2030 at a CAGR of 3.5% from 2020 to 2030. The market size of the retinal vein occlusion detection and diagnosis market in China reached RMB271.5 million in 2020 and is forecasted to reach RMB421.4 million in 2030 at a CAGR of 4.5% from 2020 to 2030.

The following diagram illustrates the PRC retinal vein occlusion detection and diagnosis market for the periods indicated.

Detection and diagnosis market of retinal vein occlusion in China, 2020-2030E



Source: Frost & Sullivan

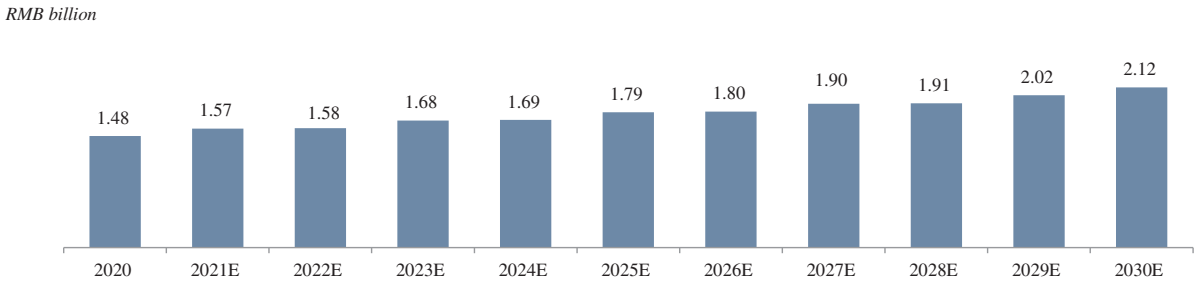
Eye Diseases

- *Pathological myopia*. The increasing prevalence of myopia, particularly among adolescence between age 13 to 18 is a cause for concern, since severe myopia can develop into pathological myopia. Unlike myopia, pathological myopia is accompanied by degenerative changes in the retina, which can lead to irrecoverable vision loss if left untreated. The pathological myopia patient population in China increased from 19.2 million in 2015 to 22.6 million in 2020 with a 3.3% CAGR and is forecasted to reach 32.3 million in 2030 at a CAGR of 3.7% from 2020 to 2030. The increasing prevalence of pathological myopia, especially among adolescence between age 13 to 18, urges the development of screening and management systems to detect the disease early to allow for potential interventional measures. However, current methods of detection remain highly reliant on visual acuity testing, fundus examination and axial length measurement, which are manual, time-consuming and subjective on a case-by-case basis, and may be particularly unreliable in young patients. There is hence a great need to objectively and automatically detect the presence and track the progress of pathologic myopia. In August 2018, pathological myopia was included in the Implementation Plan for Comprehensive Prevention and Control of Myopia among Children and Adolescents (《綜合防控兒童青少年近視實施方案》) serving as strong attention of government policies. The market size of the pathological myopia detection and diagnosis market in China reached RMB1.48 billion in 2020 and is forecasted to reach RMB2.12 billion in 2030 at a CAGR of 3.7% from 2020 to 2030.

The following diagram illustrates the PRC pathological myopia detection and diagnosis market for the periods indicated.

Detection and diagnosis market of pathological myopia in China, 2020-2030E

Period	CAGR
2020-2030E	3.7%



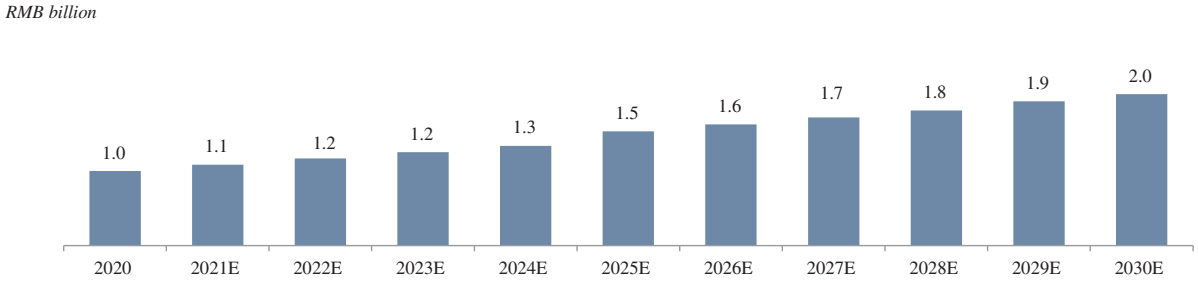
Source: Frost & Sullivan

- *Age-related macular degeneration*. AMD is one of the most common eye diseases that can cause permanent visual impairment, which mainly occurs in people over the age of 50. Without timely treatment, AMD may cause blindness and materially impact the quality of life of patients. Because AMD rarely causes symptoms in its early stages, early detection of treatable AMD is the key to reducing the risk of progressing to more advanced AMD and to avoid vision loss. The AMD patient population in China increased from 15.7 million in 2015 to 26.4 million in 2020 with a 11.0% CAGR and is forecasted to reach 52.3 million in 2030 at a CAGR of 7.1% from 2020 to 2030. The market size of AMD detection and diagnosis market in China reached RMB1.0 billion in 2020 and is forecasted to reach RMB2.0 billion in 2030 at a CAGR of 7.3% from 2020 to 2030.

The following diagram illustrates the PRC AMD detection and diagnosis market for the periods indicated.

Detection and diagnosis market of AMD in China, 2020-2030E

Period	CAGR
2020-2030E	7.3%



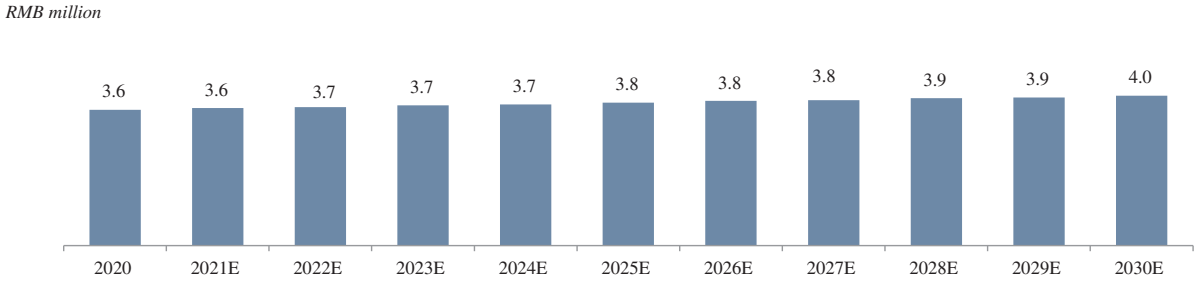
Source: Frost & Sullivan

- *Retinal detachment*. Retinal detachment is the separation of the neuroepithelium and pigment epithelium of the retina. The risk of developing a retinal detachment is five or six times greater in people with high myopia compared to those with low myopia. People with high myopia have longer eyes (axial elongation), which means that the retina is more stretched and therefore prone to peripheral retinal tears. Without timely diagnosis and treatment, patients may experience irreversible vision loss. Retinal detachment diagnosis requires experienced ophthalmologists to examine the whole retina and detect any holes or tears on the retina, which is challenging because retinal detachment usually starts asymptomatically and develops in small increments at the retina periphery. AI-based diagnosis devices enable the efficient and automatic detection of retinal detachment by analyzing a complete retinal image with high sensitivity and precision. The retinal detachment patient population in China reached 0.14 million in 2020 and is forecasted to reach 0.15 million in 2030 at a CAGR of 0.4% from 2020 to 2030. The market size of the retinal detachment detection and diagnosis market in China reached RMB3.6 million in 2020 and is forecasted to reach RMB4.0 million in 2030 at a CAGR of 1.0% from 2020 to 2030.

The following diagram illustrates the PRC retinal detachment detection and diagnosis market for the periods indicated.

Detection and diagnosis market of retinal detachment in China, 2020-2030E

Period	CAGR
2020-2030E	1.0%



Source: Frost & Sullivan

KEY FUTURE TRENDS

The key future trends for the PRC AI-based medical imaging market and AI-based retinal imaging market include:

- *Optimization of AI algorithms and expansion of applicable indications.* Unmet healthcare needs will continue to drive the expansion of indications covered by AI-based medical imaging. Traditional detection and diagnosis of chronic diseases are time consuming, relatively subjective and not standardized, which rely heavily on the training and experience of physicians which may result in human error. In the future, AI algorithms are expected to be developed and optimized in disease classification, lesion detection and lesion segmentation. AI algorithms are also expected to provide quantified result and standardized conclusion which can enhance the interaction between the physicians and the patients.

- *Wide adoption in various healthcare settings.* The adaptability of AI-based medical imaging products in various healthcare environments directly affects the utilization rate of products and therefore is crucial to the market potential of an AI-based medical imaging product. Currently, AI-based medical imaging has been applied to medical and consumer healthcare environments, including hospitals, health checkup centers, community clinics, insurance companies, optometry centers and pharmacies. AI-based solutions may also be applied to other healthcare environments, including nursing homes and enterprise clinics.

- *Development of AI algorithms for applications previously untouched by AI.* The healthcare systems around the world creak under ever greater strains, AI technologies, with its distinct advantages of emulating mechanism of human brain, is expected to expand the breaths and depths of its scope by developing algorithms for applications previously untouched by AI. AI algorithms can help improve patient outcomes, increase patient and clinician satisfaction, and contribute to lower healthcare costs.

ENTRY BARRIERS

There are significant entry barriers and challenges in the AI-based medical imaging market and AI-based retinal imaging market in China, including the following:

- *Real-world retinal image data.* High-quality retinal image data is the key to develop and further improve the deep learning algorithms used in AI-based medical imaging. A massive amount of real-world medical images is required to continuously train the deep learning models to accurately pinpoint conditions relates to diseases. In general, the more the data, the better the model's performance is. In addition, retina-based clinical data need to be labeled by medical experts to train deep learning algorithms. New entrants may not be able to accumulate sufficient medical image data with high quality labels.

- *Deep learning algorithms development.* Deep learning algorithms serve as the key to developing an AI-based medical device. Such development is a complex and time-consuming process. New entrants may lack the in-depth expertise and experiences required for developing the deep learning algorithms.

- *Stringent regulation.* In recent years, the PRC government has consistently enhanced the supervision of research and development, manufacturing and distribution of medical devices. For example, if an AI-based medical device is regulated as Class III medical device, it is subject to a series of regulations issued by the NMPA and an NMPA approval is needed for its commercialization. Before a company could apply for a registration certificate from the NMPA, it needs to conduct extensive pre-clinical studies and clinical trials to prove the safety and effectiveness of the product. Generally, it takes a long time for new entrants to obtain the NMPA approval and the length of time could be unpredictable.

- *Research and development capabilities.* The research and development of AI-based medical imaging is a complex process and often requires professional, scientific expertise and knowledge in the field of deep learning, medicine, computer vision, data analytics, Internet service, medical device and biology and sustained funding for its improvement. The talent pool for AI-based medical imaging market, especially those

with multi-disciplinary backgrounds and experience, is very limited. AI-based medical imaging companies need to recruit a team of talented and experienced industry experts, which is usually challenging for new entrants to build up such a team in a relevantly short period.

- *Market awareness and reputation.* AI-based retinal imaging is newly introduced into China, which needs lots of market education and promotion to familiarize physicians and medical institutions and improve their willingness to adopt this new technology. It is usually challenging for new entrants to establish market awareness and reputation, such as entering into collaborations with medical institutions or academic institutions to commence marketing and promotion activities. This process may take a long time and involve significant uncertainty.

- *Intensive capital investment.* A large amount of investment is required for the launch of a new medical device. Research and development of software and hardware, the onboarding of internal and external medical experts and the conducting of clinical trials all necessitate significant capital investments. Once a research and development program progresses into late-stage clinical development, an even greater amount of capital is needed for the preparation and execution of commercialization.

COMPETITIVE LANDSCAPE

In China and globally, AI-based medical devices have been utilized in healthcare environments for a number of years. Currently, key market players include large technology companies like IBM, Google and Baidu and healthtech start-ups such as Digital Diagnostics Inc and Eyenuk. To date, other than our Airdoc-AIFUNDUS (1.0), which has been approved by the NMPA in China for auxiliary diagnosis of diabetic retinopathy, AIDR and Eye Wisdom screening are the two only products of the same kind that have been approved as Class III medical devices by the NMPA. In the United States, IDx-DR and EyeArt are the only two SaMDs which have been approved by the FDA for auxiliary diagnosis of diabetic retinopathy. The AI-based retinal imaging medical device market in China is expected to continue to be dominated by domestic players. Considering the difficulties multinational players would face when entering into the China, there was a significant growth potential for domestic players. In addition to the AI-based SaMDs approved by the relevant authorities, there were several AI-based retinal imaging products indicated for diabetic retinopathy that are currently under development globally, primarily including four products in China and two products in United States or Canada.

The charts below illustrate the competitive landscape of domestic and international AI-based retinal imaging medical device products to date.

Competitive Landscape — AI-based Retinal Imaging

Company	Registered Product	Issuing Agency	Approved Date	Other AI-based Retinal Imaging Products	Indications	Sensitivity & Specificity Rate	Self-developed Hardware	Commercialization	Background
Airdoc	Airdoc-AIFUNDUS (1.0)	Class III by NMPA CE	August 2020 March 2020	• Airdoc-AIFUNDUS (2.0) • Airdoc-AIFUNDUS (3.0) • Individual SaMDs • Health Risk Assessment Solutions	• **Airdoc-AIFUNDUS (1.0):** diabetic retinopathy; • **Airdoc-AIFUNDUS (2.0):** hypertensive retinopathy, retinal vein occlusion, age related macular degeneration (AMD); • **Airdoc-AIFUNDUS (3.0):** retinal detachment, pathological myopia • **Individual SaMDs:** glaucoma, ICVD/ASCVD, cataract, gestational DR, gestational hypertensive retinopathy, anemia, papilledema intracranial hypertension retinopathy • **Health risk assessment solutions:** 55 types of diseases and lesions including retinal abnormalities, retinal vascular diseases, etc.	Airdoc-AIFUNDUS (1.0) Sensitivity rate 91.8% Specificity rate 93.1%	Yes	Medical institutions and consumer healthcare environments	/
Tencent	/	/	/	• Tencent Miying's AI	• Diabetic retinopathy	N/A	No	N/A	Tencent is one of the leading Internet giants in China with a wide range of business coverage.
Baidu	/	/	/	• AI Fundus Camera	• Diabetic retinopathy, macular degeneration and glaucoma	N/A	No	N/A	Started as a search engine company, Baidu is now one of the leading Internet giant in China.
SiBionics	AIDR Screening	Class III by NMPA	August 2020	/	• Diabetic retinopathy	N/A	No	Medical institutions	Established in 2016, SiBionics is a company focusing on the management of diabetes and its complications.
Vistel	EyeWisdom (1.0)	Class III by NMPA CE	June 2021 January 2020	/	• Diabetic retinopathy	N/A	No	Medical institutions	Established in 2016, Vistel is a company focusing on the application of ophthalmic AI technology in China.
Shang Gong	SG DR	Class II by NMPA	July 2020	/	• Diabetic retinopathy	N/A	No	Medical institutions	Established in 2014, Shang Gong is a company focusing on intelligent fundus image analysis.
VoxelCloud	Voxel Cloud Fundus	Class II by NMPA	June 2021	/	• Diabetic retinopathy	N/A	No	Medical institutions	Established in 2016, VoxelCloud provides AI-based medical imaging solutions for screening and detection of various diseases including lung cancer, diabetic retinopathy and cardiovascular disease.
Google	/	/	/	• Projects around Diabetic Retinopathy	• Diabetic retinopathy and diabetic macular edema	N/A	No	N/A	Google is a multinational Internet giant based in the USA.
IBM	/	/	/	• IBM's Deep Learning Technology	• Diabetic retinopathy	N/A	No	N/A	IBM is the world's largest information technology and business solutions company.
Digital Diagnostics Inc	IDx-DR	FDA CE	April 2018 April 2016	/	• Diabetic retinopathy and diabetic macular edema	Sensitivity rate 87.2% Specificity rate 90.7%	No	Medical institutions	Founded in 2010 and headquartered in Iowa, Digital Diagnostics is an AI diagnostics company.
Eyenuk	EyeArt AI System	FDA CE	August 2020 June 2016	• Eyenuk's Glaucoma Software • Eyenuk's AMD Software	• Diabetic retinopathy, glaucoma and AMD	Sensitivity rate 91.3% Specificity rate 91.1%	No	Medical institutions	Headquartered in Los Angeles, California, Eyenuk is a global AI medical technology company.

Source: the NMPA, the FDA and Frost & Sullivan analysis

PRC REGULATORY OVERVIEW

Medical device industry of the PRC is subject to a large number of laws and regulations and extensive government supervision. Such laws and regulations encompass the areas including manufacturing, sales of medical devices, labor and intellectual property. Principal regulatory authorities of the industry are the NMPA and its local regulatory branches. The NMPA is responsible for the supervision and administration of medical devices nationwide. In March 2018, the State Council Institutional Reform Proposal passed by the First Session of the Thirteenth National People's Congress decided the China Food and Drug Administration (the "**CFDA**") shall cease to exist, and the NMPA was established to undertake the duties of the former CFDA.

LAWS AND REGULATIONS RELATING TO MEDICAL DEVICES

Regulation and Classification of Medical Devices

Pursuant to the Regulations on the Supervision and Administration of Medical Devices (the "**Medical Device Regulations (Revision 2021)**" 《醫療器械監督管理條例》(2021年修訂)), the NMPA 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. The NMPA 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.

In the PRC, medical devices have been classified into three categories based on the degree of risk. Class I medical devices refer to those devices with low risk and whose safety and effectiveness can be ensured through routine administration. Class II medical devices refer to those devices with medium risk and whose safety and effectiveness should be strictly controlled. Class III medical devices refer to those devices with high risk and whose safety and effectiveness must be strictly controlled with special measures.

Regulations on the Supervision and Administration of Medical Devices (Revision 2021)

Order No. 739 of the State Council, issued by the State Council on February 9, 2021, states that the "**Medical Device Regulations (Revision 2021)**"《醫療器械監督管理條例》(2021年修訂) was revised and came into effect on June 1, 2021. The major amendments to the existing Medical Device Regulations (Revision 2017), which are reflected in the Regulations on the Medical Device Regulations (Revision 2021), can be categorized into scopes as follows: (1) implementing the registrant-or-submitter accountability systems to highlight the entity responsibilities of enterprises;

(2) improving the system for medical device innovation; (3) optimizing the approval process and filing process; (4) improving post-marketing regulatory requirements; and (5) reinforcing penalty and punishment.

For the registrant-or-submitter accountability systems, the Medical Device Regulations (Revision 2021) stipulates that enterprises or research institutions required to obtain a Medical Device Registration Certificate or undergo medical device filings are the registrants or submitters, and they are legally responsible for the safety and effectiveness of their medical devices when developing, producing, operating and using the medical devices; it also enunciates the obligations of registrants or submitters and requires that registrants or submitters should establish and effectively maintain a quality management system, conduct post-marketing research and risk control, adverse event monitoring and re-evaluation, establish and implement a system to trace and recall products, etc. The Medical Device Regulations (Revision 2021) clarifies the rights and duties of the registrants or submitters as well as other market entities, and specifies the obligations of entrusted manufacturers, e-commerce platform operators, users and other entities.

For relevant reforms, the Medical Device Regulations (Revision 2021) includes medical device innovation as a development focus and improves medical device innovation systems; optimizes the process and reduces the materials for approval, adopts default renewal of registration and clinical trials, and shortens the examination time for the permit of production and operation; optimizes the filing process, reduces the filing matters and implements filing without substantiation.

For regulatory requirements, the Medical Device Regulations (Revision 2021) further develops a professional inspector system, enriches supervisory means by introducing regulatory measures such as unique product marks tracing, extended inspection and dishonesty punishment, further clarifies the division of responsibilities between the drug supervision and management departments and competent health authorities to strengthen supervision and inspection on the use of medical devices. On the potency of penalties and punishments, the Medical Device Regulations (Revision 2021) imposes stricter penalties for violating the industry and market prohibitions, such as revoking a wrongdoer's license and prohibiting it from engaging in relevant activities for a certain period of time, subject to the severity of its violation; in terms of serious violations related to quality and safety, a penalty of up to 30 times the value of the goods may be imposed; for persons in charge of the entities committing serious violation, all income that they receive from the entities during the occurrence of the illegal acts may be confiscated, a penalty of up to three times the income may be imposed, and they may also be prohibited from engaging in relevant activities for five years or for the whole life.

We believe that the enforcement of the Medical Device Regulations (Revision 2021), does not have material impacts on our ongoing and planned clinical trials, sales and registrations within our scope of operations, or our ongoing operations as well as other activities.

Pursuant to the Medical Device Regulations (Revision 2021), medical devices refer to instruments, equipment, appliances, in-vitro diagnostic reagents and calibrators, materials as well as other similar or relevant articles, including necessary computer software; the utility of medical devices is mainly achieved by physical or other means instead of by means of pharmacology, immunology or metabolism or by such means but only acting as auxiliary functions, the purposes of which are as follows:

(a) diagnose, prevention, monitoring, treatment or relief on diseases;

(b) diagnose, monitoring, treatment, relief or functional compensation on injury;

(c) inspection on, substitution for, adjustment to or support of physical structures or physical process;

(d) support or maintenance of life;

(e) control of pregnancy; and

(f) inspection on sample of human body to provide information for medical treatment or diagnosis.

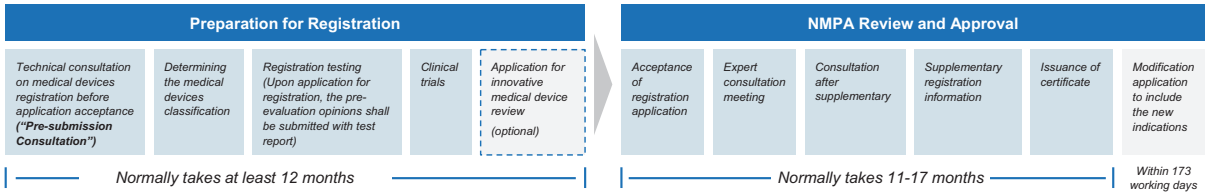
The Relevant Regulatory Requirements under Guiding Principles for the Classification of Artificial Intelligence Medical Software Products

Pursuant to Guiding Principles for the Classification of Artificial Intelligence Medical Software Products (《人工智能醫用軟件產品分類界定指導原則》), if the processing object of the software product is medical device data, and the core function is the processing, measurement, model calculation, analysis, etc. of medical device data, and it is used for medical purposes, it conforms to the medical device definition in the Medical Device Regulations (Revision 2021), and shall be regulated as medical devices. If the processing object of the software product is non-medical device data (such as patient main complaint and other information, inspection report conclusions), or its core function is not to process, measure, model calculation, and analyze medical device data, or it is not used for medical purposes, it shall not be regulated as medical devices. The key factor in judging whether a product should be regulated as a medical device is its purpose.

Our Airdoc-AIFUNDUS are in compliance with Guiding Principles for the Classification of Artificial Intelligence Medical Software Products (《人工智能醫用軟件產品分類界定指導原則》), which conforms to the medical device definition in the Medical Device Regulations (Revision 2021), and is regulated as Class III medical device on the basis that it is used as part of the clinical decision-making process and the basis.

Medical Device NMPA Approval Procedures of Core Products

The following flowchart illustrate the NMPA Approval Procedures for Class III medical device.



The Relevant Regulatory Requirements under the Measures for the Administration of Registration of Medical Device

According to the Measures for the Administration of Registration of Medical Device (《醫療器械註冊管理辦法》) issued by CFDA in 2014 (the "**Measures**"), items of medical device registration include approved items and registered items. Approved items include product name, model, specifications, structure and components, applicable scope, technical specifications for products and production address for imported medical devices; registered items include name and domicile of registrant, name and domicile of the agent, and production address for medical devices in PRC.

For a Class II or Class III medical devices already registered, where there is a change to items specified on its Medical Device Registration Certificate or attachment, the applicant shall file for alteration to the registering administration and submit documents as required. If there is a change to product name, model, specifications, structure and components, applicable scope, technical specifications for product and production address for imported medical device, the applicant shall file to the registering administration for alteration to approved items.

The documents on alteration to medical device registration are used in combination with the original Medical Device Registration Certificate, and remain effective for the same period.

The food and drug administration of a province, autonomous region or centrally-administered municipality is responsible for supervising and administering the registration and record-filing of medical devices in its administrative division; it shall organize inspections and timely submit relevant information to the CFDA.

The Relevant Regulatory Requirements under the Guidelines for the Division of Medical Device Registration Units

According to the Guidelines for the Division of Medical Device Registration Units (《醫療器械註冊單元劃分指導原則》) issued by the CFDA in November 2017 (the "**Guidelines**"), active medical devices with different technical principles are divided into different registration units in principle.

Active medical devices of the same type with the same technical principles, but the main structure and composition of the product have an impact on the safety and effectiveness shall be divided into different registration units in principle.

When the application scope or mechanism of active medical devices is different due to differences in product performance indicators, the medical devices shall be divided into different registration units in principle. Active medical devices of the same type with the same technical principles and design structures but are substantially different product scopes of application shall be divided into different registration units in principle.

Different models of medical devices with basically the same scope of application, product performance and structural composition shall be divided into the same registration unit in principle. However, if different models of medical devices are significantly different in terms of scope of application, performance and structure, those medical devices shall be divided into different registration units.

Independent active medical devices that have the same scope of application but need to be used together shall be divided into different registration units in principle.

Multiple detection functions are included in the same package for specific instruments. Devices with a specific scope of application are named after the applicable instrument name or other alternative names related to the product. The products exist in combination and shall be divided into the same registration unit in principle.

The Relevant Regulatory Requirements under the Notice on Issuance of Essential Evaluation Points of Deep Learning Aided Decision-Making Medical Device Software

According to the Notice on Issuance of Essential Evaluation Points of Deep Learning Aided Decision-Making Medical Device Software published by the Center for Medical Device Evaluation of NMPA in 2019 (《關於發佈深度學習輔助決策醫療器械軟件審評要點的通告》) (the "**Notice**"), deep learning aided decision-making medical device software updates should consider the impact on the safety and effectiveness of the software, including positive and negative impacts. If it is a major software update (that is, a software update that affects the safety or effectiveness of the software), then should apply for a change in license items.

The safety level of software shall be comprehensively determined based on its intended purposes, usage scenarios and core functions. For example, if the software is expected to be used for auxiliary pathological image screening or auxiliary critical disease identification, the safety level is generally Grade C.

For software with a safety level of C, clinical trials shall be carried out in principle for substantial changes in the scope of application, and retrospective studies can be used for clinical evaluation of other changes. For the safety level of B and A Software, retrospective research could be used for software update clinical evaluation. Retrospective research could be used as preclinical trials or as an alternative to clinical trials.

Registration and Filings of Medical Device Products

Pursuant to the Medical Device Regulations (Revision 2021) (《醫療器械監督管理條例》(2021年修訂)), and the Measures (《醫療器械生產監督管理辦法》), for the filings of the medical device products of Class I, the registrants shall submit the filing materials to the food and drug supervision and administration departments of the local people's government at the districted city level. In case of any amendments to matters stated in the filings, such amendments shall be filed with the original filing department. The medical devices of Class II and Class III shall be subject to the product registration administration. Medical devices of Class II shall be examined by the food and drug supervision and administration departments of the people's governments of the provinces, autonomous regions or municipalities where such applicants are located. A registration certificate for such medical device shall be issued upon approval. To apply for a Class III medical device registration certificate, the applicant shall submit registration application materials to the NMPA. A registration certificate for such medical device shall be issued upon approval. In case of any substantial change of the designs, raw materials, production technologies, scopes of application and application methods, etc., of the registered medical device products of Class II or Class III, which may affect the safety and effectiveness of such medical devices, the registrants shall submit an application for change of registration with the original registration departments.

According to the Medical Device Regulations (Revision 2021) (《醫療器械監督管理條例》(2021年修訂)), clinical trials are not required for the filing of the Class I medical devices, but necessary for the application for the registration of the Class II and Class III medical devices. However, medical devices listed in the Catalogue of Medical Device Exempted from Clinical Trials (《免於進行臨床試驗醫療器械目錄(修訂)》) issued on September 28, 2018 and the second amendment Catalogue of Medical Device Exempted from Clinical Trials (《免於進行臨床試驗醫療器械目錄(第二次修訂)》) (the "**Exemption Catalog**") issued on January 14, 2021 promulgated by the NMPA, are exempted from clinical trial requirements and medical devices may be exempt from clinical trials under any of the following circumstances:

(1) The medical device has clear working mechanisms, finalized design and mature manufacturing processes, and the medical devices of the same type that are available on the market have been used in clinical application for years without records of any serious adverse events, and the medical device will not change the general purposes;

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

(3) The safety and effectiveness of such medical devices can be proved through the analysis and evaluation of the data obtained from the clinical trials or clinical application of the same categories of medical devices.

The Exemption Catalog shall be formulated, amended and promulgated by the NMPA. Medical device products that are not included in the Exemption Catalog shall be analyzed and evaluated through the data obtained from the clinical trials or clinical application of the same categories of medical devices. Where the safety and effectiveness of such medical devices can be proved, applicant may specify in the course of registration application and submit relevant proofing materials.

The Notice specifies the main focuses when it comes to the registration and approval of deep learning-assisted decision making medical devices software, which are the control of data quality, the capability of algorithm generalization and the risk of clinical practice. When analyzing the risk of clinical practice, it shall take into account the direct impact of the control of data quality and the capability of algorithm generalization, and the indirect impact of invalidation of the computational resources used for arithmetic power, operational environment. Risks of clinical practice of software primarily include (1) false-negative one, which is the missed diagnosis and may lead to the delay of subsequent diagnosis and treatment activities, especially for the rapidly-progressing diseases, and (2) false-positive one, which is the misdiagnosis and may lead to unnecessary subsequent diagnosis and treatment activities.

The enterprise engaging in producing the software should take adequate, appropriate and effective risk control measures to ensure the safety and effectiveness of such software.

Special Procedures for Examination and Approval of Innovative Medical Devices

On October 8, 2017, the General Office of the CPC Central Committee and the General Office of the State Council issued the Opinions on Deepening the Reform of the Evaluation and Approval Systems and Encouraging Innovation on Drugs and Medical Devices (《關於深化審評審批制度改革鼓勵藥品醫療器械創新的意見》, the "**Opinions**"), which aims to encourage the innovation for medical devices. Pursuant to the Opinions, the priority review and approval will be applicable to innovative medical devices supported by the National Science and Technology Major Projects and the National Key R&D Program of China (國家科技重大專項和國家重點研發計劃支持項目), and the clinical trials of which having been conducted by the National Clinical Research Center, and approved by the management department of the National Clinical Research Center.

Pursuant to Announcement of the NMPA on Promulgating the Procedures for the Special Evaluation of Innovative Medical Devices (《國家藥監局關於發佈創新醫療器械特別審查程序的公告》), which were promulgated by the NMPA on November 2, 2018 and came into effect on December 1, 2018, special procedures shall be applicable to the examination and approval for medical devices in the following circumstances: (1) the applicant legally owns the invention patent of the core technology of the product through its technological innovation activities in the PRC, or legally obtained the invention patent or the right of use thereof through transfer in the PRC, 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 administration department of the State Council has disclosed the application for the invention patent of the core technology and the Patent Search and Consultation Center of the National Intellectual Property Administration of the PRC (國家知識產權局專利檢索諮詢中心) has issued the patent search report setting out the novelty and innovation of the core technology solution of the product; (2) the applicant has developed the prototype product and completed the preliminary research under a true and controllable process that generated complete and traceable data; (3) the product has major working mechanism or mechanism of action which is the first of its kind in the PRC, has fundamental improvement in product performance or safety compared with similar products, is of an internationally leading standard in terms of techniques and has significant clinical value. The Center for Medical Device Evaluation of the NMPA (國家藥品監督管理局醫療器械技術審評中心) should give priority to the innovative medical devices in their technical review upon receiving the registration application, after which the NMPA will give priority to the product in their administrative approval.

Production Permit of Medical Devices

Pursuant to the Medical Device Regulations (Revision 2021) (《醫療器械監督管理條例》(2021年修訂)), and the Measures (《醫療器械生產監督管理辦法》) promulgated by the CFDA, amended and came into effect on November 17, 2017, a manufacturer of medical device shall satisfy the following conditions:

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

(2) possessed organizations or professional examination staff and examination equipment for carrying out quality examination for such medical device production;

(3) formulated a management system which ensures the quality of such medical device;

(4) had capability of after-sale services that is suitable for such medical device produced;

(5) satisfied the requirements as prescribed in R&D and production technique documents.

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

A production permit for a medical device is valid for five years and the registrant shall apply to the original departments that issued such permit for renewal at least six months prior to its expiration date.

Production and Quality Management of Medical Devices

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

self-inspection on the operation of quality management system in accordance with the requirements of the Standards on Production and Quality Management of Medical Devices and submit a self-inspection report to the food and drug supervision and administration departments of the local people's governments of the provinces, autonomous regions, municipalities or at the districted city level before the end of every year. The enterprise shall establish its procurement control procedure and assess its suppliers by establishing an examination system to ensure the purchased products are in compliance with the statutory requirements. The enterprise shall record the procurement, production and inspection of raw materials. Such records shall be true, accurate, complete and traceable.

The enterprise shall apply risk management to the whole process of design and development, production, sales and after-sale services. The measures being adopted shall be applicable to risks of the related products.

Pursuant to The Notice of Four Guidelines including On-site Inspection Guidelines for the Standards on Production and Quality Management of Medical Devices (《關於印發醫療器械生產質量管理規範現場檢查指導原則等4個指導原則的通知》) promulgated by the CFDA on September 25, 2015 and came into effect on September 25, 2015, during the course of on-site verification of the registration of medical devices and on-site inspection for the issuance of production permit (including the change and renewal of production permit), the inspection team will, in accordance with the guidelines, issue recommended conclusions for on-site inspections, which include "passed," "failed" and "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 that does not directly affect product quality are not satisfied, the enterprise shall rectify in a prescribed time. The regulatory authorities will examine and verify the recommended conclusions and on-site inspection materials submitted by the inspection group, and issue the final inspection results.

Good Clinical Practice for Medical Devices

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

informed consent form, case report form, relevant standard operating procedures and other relevant documents, and shall be responsible for organizing necessary trainings for the clinical trials. The applicant shall select the clinical trial institutions and its researchers from the qualified medical device clinical trial institutions according to the characteristics of the medical devices to be used in the clinical study. For the medical devices listed in the Class III medical device catalog subject to approval for clinical trials, approval from the CFDA shall be obtained.

Permit for Medical Device Operation

According to the Medical Device Regulations (Revision 2021) (《醫療器械監督管理條例》(2021年修訂)) and the Administrative Measures for Supervision of the Operation of Medical Devices (《醫療器械經營監督管理辦法》), which was promulgated by the CFDA on July 30, 2014 and became effective on October 1, 2014, and was later amended on November 17, 2017, an enterprise engaging in the operations of Class I medical devices is not required to obtain approval or file a record. An enterprise engaging in the operations of Class II medical devices is required to file a record with the food and drug supervision and administration departments of the city with districts where it is located. An enterprise engaging in the operations of Class III medical devices shall obtain operation permit from the food and drug supervision and administration departments of the city with districts where it is located.

No operation permit or record filing is required for the registrant, record holder or manufacturer of medical devices to sell its medical devices at its domicile or production sites; while it is required for it to store and sell medical devices in other places.

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 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, namely: (i) Class I recall, where the circumstances leading to the recall may cause or have caused serious harm to health; (ii) Class II recall, where the circumstances leading to the recall may cause or have already caused temporary or reversible harm to health; or (iii) Class III recall, where the circumstances leading to the recall are not likely to cause harm but a recall is necessary.

Medical device manufacturers shall determine the recall class based on the situation and properly design and implement the recall plan based on the recall class and the sale and use of the medical devices. In terms of Class I recall, the recall notice shall be published on website of the CFDA and major media. In terms of Class II and Class III recalls, the recall notice shall be published on the website of the provincial level of food and drug administrative authority.

Two Invoice System

On December 26, 2016, eight government departments including the CFDA issued 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》). According to the notice, the "Two Invoice System" refers to issuing invoice at the time from a pharmaceutical manufacturer to a circulating enterprise, and issuing invoice again at the time from a circulating enterprise to a medical institution. The notice requires public medical institutions to gradually implement the "Two Invoice System" for drug procurements and encourages other medical institutions to promote the "Two Invoice System" so that the "Two Invoice System" will strive to be widely promoted nationwide by 2018.

On March 5, 2018, six government departments including National Health Commission of the PRC (the "**NHC**") 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.

As of the Latest Practicable Date, "Two Invoice System" had not been implemented across all provinces in China and only some provinces mainly including Fujian Province, Shanxi Province and Anhui Province have implemented the "Two Invoice System" in the field of medical consumables.

Price Controls

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》), which was promulgated by the NDRC, the Ministry of Health of the PRC (the NHC has been established to undertake the duties of the Ministry of Health of the PRC in March, 2018) and the Ministry of Human Resources and Social Security of the PRC (the "**HRSS**") 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.

Advertisements of Medical Devices

Pursuant to the Medical Device Regulations (《醫療器械監督管理條例》(2021年修訂)) and the Interim Administrative Measures for Censorship of Advertisements for Drugs, Medical Devices, Dietary Supplements and Foods for Special Medical Purpose (《藥品、醫療器械、保健食品、特殊醫學用途配方食品廣告審查管理暫行辦法》) promulgated by the State Administration for Market Regulation (國家市場監督管理總局) on December 24, 2019, and came into effect on March 1, 2020, an enterprise qualified for engaging in the production or operation of medical devices shall apply for the publication of any medical device advertisement with the market regulation, drug supervision and administration departments of the local people's governments of the provinces, autonomous regions or municipalities, and obtain an approval of such advertisement of medical device. The validity term of such advertisement approval shall be consistent with that of the registration certificate or record-filing certificate or the production license of the product, whichever is the shortest. Where no validity term is set forth in the registration certificate, record-filing certificate or the production license of the product, the advertisement approval shall be valid for two years.

The advertisement of a medical device shall be true and lawful, and its content shall not be false, exaggerated or misleading. A publisher of a medical device advertisement shall verify approval documents and their authenticity prior to the publication. If no approval document was obtained or the authenticity of any approval document has not been verified or the content of the advertisement is inconsistent with the approval documents, such medical device advertisement shall not be published.

Export Registration

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 Standing Committee of the NPC 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 laws, administrative regulations or regulations promulgated by 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 or release of the import or export goods.

Pursuant to the Rules on the Application and Issuance of Medical Device Exporting Certificate (《醫療器械產品出口證明申辦規定》) promulgated by the State Administration of Medicine and came into effect on January 6, 1996, the State Administration of Medicine (the

predecessor of CFDA) represents the PRC government to conduct inspections of safety and legality of the products manufactured by domestic enterprises (including the PRC enterprises, sino-foreign equity joint ventures and foreign-owned enterprises) in accordance with the spirit of the Notice of the General Office of the State Council on Printing and Distributing the Functional Configuration, Internal Institutions and Staffing Plans of the State Administration of Medicine (《國務院辦公廳關於印發國家醫藥管理局職能配置、內設機構和人員編制方案的通知》), and to grant exporting certificate in accordance with the international conventions so as to prove that such products have obtained legitimate production permit within the territory of PRC. Medical Device Exporting Certificate granted by the State Administration of Medicine must be used with the Safety and Quality Assurance Disclaimer issued by the manufacturers of such products at the same time, and such certificate shall not be used separately. Chinese version of the Exporting Certificate is regarded as the original copy and its English translation is deemed as a copy. Such certificate, except being specified for one-time use, is valid for a term of two years.

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

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

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

REGULATIONS ON HEALTH BIG DATA AND INFORMATION SECURITY AND DATA PRIVACY

Regulations on Health Big Data

On June 21, 2016, the General Office of the State Council promulgated the Guiding Opinions on Promoting and Regulating the Application and Development of Healthcare Big Data (《關於促進和規範健康醫療大數據應用發展的指導意見》), which stipulates that the big data on health and medical treatment is a significant fundamental strategic resource and the State is to promote the sharing and disclosure of big data resources on health and medical treatment, encourage medical and health institutions to promote the collection and storage of big data on health and medical treatment, enhance application support and technical support for operation and maintenance, unblock the data resource sharing channels, accelerate the construction and perfection of an underlying database focusing on electronic health records, electronic medical records, and electronic prescriptions of residents, deepen the application of big data on health and medical treatment in all respects, and a mechanism for sharing healthcare big data among various governmental authorities, including health authorities, shall be established.

On April 25, 2018, the General Office of the State Council promulgated the Opinions on Promoting the Development of "Internet + Healthcare" (《關於促進"互聯網+醫療健康"發展的意見》), which stipulates that (i) all regions and all relevant departments shall coordinate and push forward the construction of a unified, authoritative and interconnected all-citizen health information platform, gradually connect it with the national data sharing and exchange platform, strengthen the collection of population, public health, medical services, medical security, drug supply, comprehensive management and other data, smooth out data sharing channels among departments, regions and industries, and promote the sharing and application of the health information of all citizens; (ii) the State shall speed up the establishment of basic resources information databases and improve total population, electronic health records, electronic medical records and other databases, shall vigorously raise the level of information technology application in medical institutions, and all hospitals at or above the second level shall improve the functions of their hospital information platforms, integrate their various system resources, and improve the efficiency of hospital management. Level-three hospitals must realize the exchange and sharing of their medical service information within the hospital by 2020, and hospitals with the right conditions may realize this goal as early as possible.

Regulations on Information Security and Data Privacy

The Data Security Law of the PRC (《中華人民共和國數據安全法》), which was promulgated by the Standing Committee of the National People's Congress on June 10, 2021 and came into effect on September 1, 2021, protects the rights and interests of individuals and organizations relating to data, encourages the lawful, reasonable and effective use of data, guarantees the orderly and free flow of data in accordance with the law, and promotes the development of the digital economy with data as a key element, which provides that China shall establish a data classification and grading protection system and data security review system, under which data processing activities that affect or may affect national security shall be reviewed for national security. A decision on security review made in accordance with the law shall be final. Processors of data shall establish a sound data security management system throughout the whole process, organize data security education and training, and take corresponding technical measures and other necessary measures to ensure data security, in accordance with the provisions of laws and regulations. To carry out data processing activities by making use of the Internet or any other information network, the aforesaid obligations for data security protection shall be performed on the basis of the graded protection system for cyber security. Processors of data shall clearly specify responsible personnel and management departments for data security and fully implement data security protection responsibilities. Processing data activities shall strengthen risk monitoring, and where processors discover risks such as data security flaws and vulnerabilities, immediately adopt remedial measures; when data security incidents occur, processors shall immediately take solutions, notify the users as required and report the matter to the relevant competent authorities. Any organization or individual collecting data shall adopt lawful and proper methods and shall not

steal data or obtain the data by other illegal means. Relevant authorities will establish the measures for the cross-border transfer of import data. If any company violates the Data Security Law of the PRC to provide important data outside China, such company may be punished by administration sanctions, including penalties, fines, and/or suspension of relevant business or revocation of the business license. As a processor of data, the Company shall implement the relevant data security management system and protection obligations in the entire process of the business operations and new product development, and be in compliance with higher requirements on data security protection from multiple perspectives under the Data Security Law of the PRC (《中華人民共和國數據安全法》) and require partners to abide by the requirements accordingly.

On April 13, 2020, the Cyberspace Administration of China, the NDRC and several other administrations jointly promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the "**Review Measures**"), which became effective on June 1, 2020. The Review Measures establishes the basic framework for national security reviews of network products and services and provides the principle provisions for undertaking cybersecurity reviews.

On July 10, 2021, the Cyberspace Administration of China, jointly with the relevant authorities, published the Measures for Cybersecurity Review (Revised Draft for Comments) (《網絡安全審查辦法(修訂草案徵求意見稿)》) for public comment, with a deadline falling on July 25, 2021 (the "**Draft Cybersecurity Review Measures**"), which stipulates that operators of critical information infrastructure purchasing network products and services, and data processors (together with the operators of critical information infrastructure, the "**Operators**") carrying out data processing activities that affect or may affect national security, shall conduct a cybersecurity review. Pursuant to the Draft Cybersecurity Review Measures, any operator who controls more than one million users' personal information must go through a cybersecurity review by the cybersecurity review office if it seeks to be listed abroad (國外上市). As of the Latest Practicable Date, the Draft Cybersecurity Review Measures had not been formally adopted.

The Administrative Provisions on Security Vulnerability of Network Products (《網絡產品安全漏洞管理規定》) (the "**Provisions**") was jointly promulgated by the Ministry of Industry and Information Technology, the Cyberspace Administration for China and the Ministry of Public Security on July 12, 2021 and came into effect on September 1, 2021. Network product providers, network operators as well as organizations or individuals engaging in the discovery, collection, release and other activities of network product security vulnerability are subject to the Provisions and shall establish channels to receive information of security vulnerability of their respective network products and shall examine and fix such security vulnerability in a timely manner. In response to the Cyber Security Law, network product providers are required to report relevant information of security vulnerability of network products with the Ministry of Industry and Information Technology within two days and to provide technical support for network product users. Network operators shall take measures to examine and fix security vulnerability after

discovering or acknowledging that their networks, information systems or equipment have security loopholes. According to the Provisions, the breaching parties may be subject to monetary fine as regulated in accordance with the Cyber Security Law. Since the Provisions is relatively new, uncertainties still exist in relation to its interpretation and implementation.

On July 27, 2021, the Supreme People's Court of China issued the Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Civil Cases Involving the Use of Face Recognition Technologies to Process Personal Information (《最高人民法院關於審理使用人臉識別技術處理個人信息相關民事案件適用法律若干問題的規定》) (the "**Face Recognition Provisions**"). The Face Recognition Provisions apply to civil disputes arising from the use of face recognition technology to deal with facial information between equal civil subjects. The Face Recognition Provisions clarify the nature and responsibilities of the abuse of utilizing face recognition technologies to process facial information. To process the facial information of a natural person, the individual's consent of such natural person or his/her guardian must be obtained. Any violation of individual's consent, or forcing or de facto forcing of a natural person to consent to the processing of facial information constitutes an infringement of the personal rights and interests of natural persons. The Face Recognition Provisions further stipulate that a natural person has the right to confirm the invalidity of certain boilerplate terms of a contract with the information processor if the information processor enters into a contract with a natural person using boilerplate terms that would require such natural person to grant the processer an indefinite right to process his/her human facial information, or that such terms are irrevocable or would permit the information processor to assign the right to process such facial information. If the natural person requests confirmation that the boilerplate terms are invalid, the Face Recognition Provisions provide that the people's court shall support the claim pursuant to the law. Since the Company does not adopt face recognition technology in the business, the Face Recognition Provisions is not applicable to the Company.

On July 30, 2021, the State Council promulgated the Regulations for Safe Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) (the "**Safe Protection Regulations**") which came into effect on September 1, 2021. Pursuant to the Safe Protection Regulations, critical information infrastructure refers to important network infrastructure and information system in public telecommunications, information services, energy sources, transportation and other critical industries and domains, in which any destruction or data leakage will have severe impact on national security, the nation's welfare, the people's living and public interests. The Safe Protection Regulations provide specific requirements for the responsibilities and obligations of the operator: (i) the operator shall establish and improve the cyber security protection system and responsibility system, and ensure the input of manpower, financial and material resources; (ii) the operator shall set up a special security management department, and review the security background of the person in charge of the special security management department and the personnel in key positions; (iii) the operator shall guarantee the operation

funds of the special security management department, allocate corresponding personnel, and have the personnel of the special security management department participate in the decision-making relating to cyber security and informatization; (iv) the operators shall give priority to the purchase of safe and reliable network products and services; network products and services procured that may affect the national security shall be subject to the security review in accordance with the national provisions on network security. The Safe Protection Regulations clarity the measures for dealing with the failure of key information infrastructure operators to perform their responsibilities for security protection, such as imposing fines. Since the Company is not operator of critical information infrastructure, the Safe Protection Regulations is inapplicable to the Company.

On August 16, 2021, the Cyberspace Administration for China, the National Development and Reform Commission, the Ministry of Public Security, the Ministry of Industry and Information Technology and the Ministry of Transport jointly promulgated the Several Provisions on Automobile Data Security Management (Trial Implementation) (《汽車數據安全管理若干規定(試行)》) (the "**Provisions on Automobile Data Security**") which will take effect from October 1, 2021 and aims to regulate the collection, analysis, storage, utilization, provision, publication, and cross-border transmission of personal information and critical data generated throughout the lifecycle of automobiles by automobile designers, producers and service providers. Relevant automobile data processor including automobile manufacturers, compartment and software providers, dealers, maintenance providers are required to process personal information and critical data in accordance with applicable laws during the automobile design, manufacture, sales, operation, maintenance and management. To process personal information, automobile data processors shall obtain the consent of the individual or conform to other circumstances stipulated by laws and regulations. Pursuant to the Provisions on Automobile Data Security, personal information and critical data related to automobiles shall in principle be stored within the PRC and a cross-border data security evaluation shall be conducted by the national cyberspace administration authority in concert with relevant departments under the State Council if there is a need to provide such data overseas. To process critical data, automobile data processors shall conduct risk assessment in accordance with regulations and submit risk assessment reports to related departments at provincial levels. Since the Company is an AI-based medical device company instead of automobile designers, producers and service providers, the Provisions on Automobile Data Security is inapplicable to the Company.

On August 20, 2021, the SCNPC issued the Personal Information Protection Law (《個人信息保護法》), which will take effect from November 1, 2021. The Personal Information Protection Law reiterates the circumstances under which a personal information processor could process personal information and the requirements for such circumstances, such as when (i) the individual's consent has been obtained; (ii) the processing is necessary for the conclusion or performance of a contract to which the individual is a party; (iii) the processing is necessary to fulfill statutory duties and statutory obligations; (iv) the processing is necessary to respond to

public health emergencies or protect natural persons' life, health and property safety under emergency circumstances; (v) the personal information that has been made public is processed within a reasonable scope in accordance with this Law; (vi) personal information is processed within a reasonable scope to conduct news reporting, public opinion-based supervision, and other activities in the public interest; or (vii) under any other circumstance as provided by any law or regulation. It also stipulates the obligations of a personal information processor. The Personal Information Protection Law provides that a personal information processor could process publicly disclosed information within the reasonable scope in accordance therewith on the basis of the six circumstances already specified thereunder. The Personal Information Protection Law clarifies the definition of "Sensitive Personal Information", which means personal information that, once leaked or illegally used, may give rise to discrimination against individuals or seriously endanger personal or property security, including information on race, ethnicity, religious beliefs, personal biometric features, medical health, financial accounts, and personal whereabouts, among others. To process sensitive personal information based on an individual's consent, a personal information processor shall obtain the separate consent from the individual. Where any law or administrative regulation provides that written consent shall be obtained for processing sensitive personal information, such provision shall prevail. In terms of cross-border transmission of personal information, pursuant to the Personal Information Protection Law, a personal information processor, providing personal information to any party outside the territory of the PRC, shall notify individuals of the overseas recipient's identity, contact information, processing purposes, processing methods, categories of personal information, the methods in which individuals exercise the rights over the overseas recipient, and other matters, and obtain individuals' separate consent. Furthermore, critical information infrastructure operators and the personal information processors that process the personal information reaching or exceeding the threshold specified by the national cyberspace administration in terms of quantity shall store domestically the personal information collected and generated within the territory of the PRC. Where it is truly necessary to provide the information abroad, the security assessment organized by the national cyberspace administration shall be passed, unless otherwise regulated by laws, administrative regulations, or provisions issued by the national cyberspace administrative authorities. The Personal Information Protection Law provides that if an overseas organization or individual engages in personal information processing activities that damage the rights and interests relating to personal information of citizens of the PRC or compromise national security or public interests of the PRC, the national cyberspace administration may include it or him in a list of those the provision of personal information to whom is restricted or prohibited, make an announcement, and take measures such as restricting or prohibiting the provision of personal information to it or him. On the other hand, personal information processors shall themselves, on the basis of the purposes of the processing of personal information, processing methods, categories of personal information, the impacts on individuals, and potential security risks, among others, take necessary measures to ensure that personal information processing activities comply with the provisions of laws and administrative

regulations, and prevent unauthorized access to as well as the leakage, tampering or loss of personal information. As of the Latest Practicable Date, the Personal Information Protection Law has not gone into effect.

On August 27, 2021, the Cyberspace Administration for China issued the Circular of the Cyberspace Administration of China on Seeking Public Comments on the Administrative Provisions on Algorithm Recommendation of Internet Information Services (Draft for Comment) (《互聯網信息服務算法推薦管理規定(徵求意見稿)》) (the "**Algorithm Recommendation Provisions**"). The application of algorithm recommendation technology refers to the application of algorithm technologies such as synthesis generation, personalized push, sorting and selection, retrieval and filtering, scheduling and decision-making to provide users with information content. The Algorithm Recommendation Provisions is inapplicable to us since the Company is a medical device company instead of an information content provider.

Furthermore, along with the promulgation of the Opinions on Strictly Combatting Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》) by the General Office of the CPC Central Committee and the General Office of the State Council on 6 July 2021, overseas-listed China-based companies (中概股公司) are experiencing a heightened scrutiny over their compliance with laws and regulations regarding data security, cross-border data flow and management of confidential information from PRC regulatory authorities. In response to the tightening of supervision, the Company has taken the following measures to strengthen the protection of data security:

(i) In terms of data collection, the Company has collected, sorted and recorded the data according to data processing purpose, data field type, data provider, cooperation scenario and data scale. The Company obtains authorization through the privacy policy for the direct collection of user data, and requires the partners to commit to the legality and compliance of their data sources through the contract to ensure real-time management of data source.

(ii) In terms of data storage, the Company has established an internal control management system to stipulate the area, time limit, and measures of the data storage, and ensure the safety of data storage through daily management procedures and corresponding technical measures.

(iii) In terms of data security management, the Company has adopted a systematic data security internal control system, such as the establishment of the data security committee and appointment of information security officers to ensure the protection of data security by responsible persons from the organizational structure level. The Company has obtained a Grade III registration certificate for Grade Protection of

Information System Security and the ISO 27001 information security management system certification certificate to ensure data security from the system security level. The Company has formulated Data Security Standards, a compliance internal control system covering the entire life cycle of data processing, and implemented emergency response system including Emergency Response Management Measures, Security Incident Management Measures, Emergency Response Process, Security Incident Handling Process, Emergency Technical Security Specifications. To prevent data leakage, the Company has developed the Security Product Purchase and Use Management System and IT Equipment Procurement Guidelines to ensure the overall security and stability of data processing activities; the Company also clearly stipulates the data protection obligations that should be performed, the security measures that should be taken, and the corresponding liabilities for breach of contract further ensuring data security from the contractual level of the business partners through the agreement.

Except for the aforementioned measures, the Company also continues to pay close attention to the legislation and regulatory developments in data security, and conducts training on the latest legislation and law enforcement cases and formulates compliance programs to be in compliance with the latest regulatory requirements.

The Data Security Law of the PRC (《中華人民共和國數據安全法》) also requires formulating the important data catalogs to enhance the protection of important data. As of the Latest Practicable Date, Chinese governments did not promulgate the important data catalogs or establish the measures for the cross-border transfer of import data. On May 28, 2020, the NPC approved the Civil Code of the PRC (《中華人民共和國民法典》) (the "**Civil Code**"), which came into effect on January 1, 2021. Pursuant to the Civil Code, the personal information of a natural person shall be protected by the law. Any organization or individual that need to obtain personal information of others shall obtain such information legally and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide or make public personal information of others.

In addition to the Civil Code, the PRC government authorities have enacted other laws and regulations with respect to Internet information security and protection of personal information from any abuse or unauthorized disclosure, and which includes the Decision on Maintaining Internet Security (《關於維護互聯網安全的決定》) promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") on December 28, 2000 and amended on August 27, 2009, the Provisions on the Technical Measures for Internet Security Protection (《互聯網安全保護技術措施規定》) promulgated by the Ministry of Public Security on December 13, 2005 and becoming effective on March 1, 2006, the Decision on Strengthening Network Information Protection (《關於加強網絡信息保護的決定》) promulgated by the SCNPC on December 28, 2012.

On November 7, 2016, the SCNPC promulgated the Cyber Security Law of the PRC (《中華人民共和國網絡安全法》) (the "**Cyber Security Law**"), which became effective on June 1, 2017. The Cyber Security Law requires network operators to perform certain functions related to cyber security protection and strengthen the network information management. For instance, under the Cyber Security Law, network operators of key information infrastructure generally shall, during their operations in the PRC, store the personal information and important data collected and produced within the territory of the PRC. When collecting and using personal information, in accordance with the Cyber Security Law, network operators shall abide by the "lawful, justifiable and necessary" principles. The network operator shall collect and use personal information by announcing rules for collection and use, expressly notify the purpose, methods and scope of such collection and use, and obtain the consent of the person whose personal information is to be collected. The network operator shall neither collect the personal information unrelated to the services they provide, nor collect or use personal information in violation of the provisions of laws and administrative regulations or the agreements with such persons, and shall process the personal information they store in accordance with the provisions of laws and administrative regulations and agreements reached with such persons. Network operator shall not disclose, tamper with or destroy personal information that it has collected, or disclose such information to others without prior consent of the person whose personal information has been collected, unless such information has been processed to prevent specific person from being identified and such information from being restored. Each individual is entitled to require a network operator to delete his or her personal information if he or she finds that collection and use of such information by such operator violate the laws, administrative regulations or the agreement by and between such operator and such individual; and is entitled to require any network operator to make corrections if he or she finds errors in such information collected and stored by such operator. Such operator shall take measures to delete the information or correct the error. Any individual or organization may neither acquire personal information by stealing or through other illegal ways, nor illegally sell or provide personal information to others.

On July 12, 2018, the National Health Commission promulgated the Administrative Measures on Standards, Security and Services of National Healthcare Big Data (for Trial Implementation) (《國家健康醫療大數據標準、安全和服務管理辦法(試行)》) (the "**Measures on Healthcare Big Data**"), which became effective on the same day. The Measures on Healthcare Big Data sets out the guidelines and principles for standards management, security management and services management of healthcare big data. Pursuant to the Measures on Healthcare Big Data, the healthcare data produced by the PRC citizens in the PRC can be managed and used by the state for the purposes of the state strategic safety and the benefits of the life and health of the PRC citizens, provided that the state guarantees the PRC citizens their respective right of information, usage and personal privacy. The National Health Commission (including National Administration of Traditional Chinese Medicine) shall establish mechanism for healthcare big data sharing, promote healthcare big data sharing and exchange, and lead the establishment of platform for the

submission of the healthcare data, the catalog system of information resources and the system for information exchange. The National Health Commission with other relevant authorities shall be responsible for administration of healthcare big data nationwide together and each health authority above county level together with other relevant authorities shall be responsible for administration of healthcare big data within its jurisdiction. Medical institutions and relevant enterprises, including those entrusted by medical institutions to storage or operate healthcare big data, shall, among other things, take measures such as data classification, data backup and encryption to ensure data security, and provide secured channels for information inquiries and copying. Medical institutions and relevant enterprises shall also comply with laws and regulation on classified protection of cyber security and cybersecurity reviews. When selecting a service provider of healthcare big data, the medical institution shall ensure that the provider complies with national and industrial regulations and rules such as Cyber Security Law, Measures on Healthcare Big Data, Measures for Cybersecurity Review (《網絡安全審查辦法》), and Administrative Measures for the Graded Protection of Information Security (《信息安全等級保護管理辦法》), is competent in carrying out the relevant regulations, systems and standards such as Information Security Technology — Personal Information Security Guidelines (《信息安全技術 — 個人信息安全規範》), Information Security Technology — Guide for De-Identifying Personal Information (《信息安全技術 — 個人信息去標識化指南》), and the National Standard on Information Technology — Evaluation Indicators for Data Quality (《信息技術 — 數據質量評價指標》), and guaranteeing data security, and has established systems for data security management, personal privacy protection and emergency response management.

On June 22, 2007, the Ministry of Public Security, the National Administration of State Secrets Protection, the State Cipher Code Administration and the Information Office of the State Council (repealed) promulgated the Administrative Measures for the Graded Protection of Information Security (《信息安全等級保護管理辦法》), effective from June 22, 2007, pursuant to which, graded protection of the state information security shall follow the principle of "independent grading and independent protection". The security protection grade of an information system shall be determined according to such factors as its level of importance in national security, economic development and social livelihood as well as its level of damage to national security, social order, public interests and the legitimate rights and interests of citizens, legal persons and other organizations in case it is destroyed, according to which, the security protection grade of an information system may be classified into following five grades.

(i) Grade I: the destruction of a Grade I information system will cause damage to the legitimate rights and interests of citizens, legal persons and other organizations, but will cause no damage to national security, social order or public interests.

(ii) Grade II: the destruction of a Grade II information system will cause material damage to the legitimate rights and interests of citizens, legal persons and other organizations or cause damage to social order and public interests, but will not damage national security.

(iii) Grade III: the destruction of a Grade III information system will cause material damage to social order and public interests or will cause damage to national security.

(iv) Grade IV: the destruction of a Grade IV information system will cause particularly material damage to social order and public interests or will cause material damage to national security.

(v) Grade V: the destruction of a Grade V information system will cause particularly material damage to national security.

The entities operating the information systems shall determine the security protection grade of the information system pursuant to the Information Security Technology — Measures for the Graded Protection and the Guidelines for Grading of Classified Protection of Cyber Security (《信息安全技術 — 網絡安全等級保護定級指南》) (the "**Guidelines for Grading**"), and report the grade to the relevant department for examination and approval. For an information system determined to be Grade II or above, its operator shall make the record filing with relevant public security departments. Pursuant to the Guidelines for Grading, the grading of the classified protection of the information systems are determined based on two elements, namely what can be affected and how serious the consequences would be, if the information systems are damaged. The Guidelines for Grading stipulate the procedures of the grading and specify the methods to grade the information system, including how to determine what can be affected and the degree of impact. In consistent with the provisions set out in the Guidelines for Grading, the Administrative Measures for the Graded Protection of Information Security stipulate that the security protection grade of an information system shall be determined according to such factors as its level of importance in national security, economic development and social livelihood as well as its level of damage to national security, social order, public interests and the legitimate rights and interests of citizens, legal persons and other organizations in case it is destroyed, according to which, the security protection grade of an information system may be classified into the following five grades: (i) the Grade I information system, the destruction of which will cause damage to the legitimate rights and interests of citizens, legal persons and other organizations, but will cause no damage to national security, social order or public interests; (ii) the Grade II information system, the destruction of which will cause material damage to the legitimate rights and interests of citizens, legal persons and other organizations or cause damage to social order and public interests, but will not cause damage to national security; (iii) the Grade III information system, the destruction of which will cause material damage to social order and public interests or will cause damage to national security; (iv) the Grade IV information system, the destruction of which will

cause particularly material damage to social order and public interests or will cause material damage to national security; and (v) the Grade V information system, the destruction of which will cause particularly material damage to national security. The entities operating information systems shall protect information systems pursuant to the Administrative Measures for the Graded Protection of Information Security and the relevant technical standards and the state departments in charge of the supervision and administration of information security shall supervise and administer the graded protection work conducted by such entities. After the security protection grade of an information system is determined, its operator shall, in accordance with the norms for the administration of the graded protection of state information security and the relevant technical standards, use information technology products that conform to the relevant state provisions and satisfy the requirements on the protection grade for the security construction or reconstruction of the information system. In the process of constructing an information system, its operator shall synchronously construct the information security facilities that satisfy the requirements of the protection grade of the information system pursuant to certain technical standards. The entities operating an information system shall also formulate a security management system satisfying the requirements of the protection grade of the information system. After the information system is completed, the operators shall choose an assessment agency to conduct assessment on the security grade status of the information system on a regular basis and also shall conduct self-inspections on the security status of the information system and the implementation of the security protection system and relevant measures on a regular basis.

On March 17, 2018, the General Office of the State Council promulgated the Measures for the Management of Scientific Data, pursuant to which, enterprises in China must seek governmental approval and conclude confidentiality agreement with users before any scientific data involving a state secret, national security, social public interests, commercial secrets or personal privacy may be transferred abroad during the communication and cooperation with foreign parties.

On December 29, 2017, the General Administration of Quality Supervision, Inspection and Quarantine of the PRC (the "**QSIQ**", part of which has been incorporated to form the State Administration for Market Regulation (the "**SAMR**")) and the PRC Standardization Administration jointly promulgated the Information Security Technology — Personal Information Security Guidelines (《信息安全技術 — 個人信息安全規範》) (the "**Personal Information Security Guidelines**"). The SAMR and the Standardization Administration jointly issued the new Standard of Information Security Technology — Personal Information Security Specification (GB/T 352732020) on March 6, 2020, which replaced and superseded the previous standard (GB/T 352732017) and became effective on October 1, 2020. The Personal Information Security Guidelines are not laws but voluntary national standards widely cited by regulatory authorities as reference in their enforcement activities. Pursuant to the Personal Information Security Guidelines, after collecting the personal information, the controller of the personal information shall

immediately conduct the data de-identification, implement the technical and administrative measures to store separately the de-identified data and the data which may be used to recover the identity of the persons and make sure not to identify the persons in the subsequent process of processing the personal information data.

On August 30, 2019, the SAMR and the PRC Standardization Administration jointly promulgated On Information Security Technology — Guide for De-Identifying Personal Information (《信息安全技術 — 個人信息去標識化指南》) (the "**De-Identifying Guidelines**"), which became effective on March 1, 2020. The De-Identifying Guidelines are not laws but voluntary national standards widely cited by regulatory authorities as reference in their enforcement activities. The De-Identifying Guidelines set forth the goals and principles of de-identifying and elaborate the methods and process of de-identifying from the technical perspective.

On June 7, 2018, the SAMR and the PRC Standardization Administration jointly promulgated the National Standard on Information Technology — Evaluation Indicators for Data Quality (《信息技術 — 數據質量評價指標》) (the "**Standard on Evaluation Indicators**"), which became effective on January 1, 2019. The Standard on Evaluation Indicators are not laws but voluntary national standards widely cited by regulatory authorities as reference in their enforcement activities. Pursuant to the Standard on Evaluation Indicators, the evaluation for data quality shall be made based on several indicators, including without limitation (i) to what extent the data is in compliance with data standard, data model, operating rules, metadata, data from the authorities or securities rules; (ii) to what extent the data is complete; (iii) how accurate the data is; (iv) how consistent the data is with other data used in different places or by different users; (v) number and frequency of records of the data based on time periods; and (vi) to what extent the data can be accessed. The Standard on Evaluation Indicators also elaborate the detailed technical standards for the foregoing evaluation indicators.

Besides the foregoing national standards, there are some other national standards, which are not laws but voluntary national standards widely cited by regulatory authorities as reference in their enforcement activities, including without limitations, (i) Classified Criteria for Security Protection of Computer Information System (《計算機信息系統安全保護等級劃分準則》), which specifies requirements on access control, labelling, identity verification, audit, object reuse, data integrity, covert channel analysis, trusted path and trusted recovery of information systems of different grades, (ii) Computer information system Information Security Technology — Grading of Classified Protection of Information Systems and the Information Security Technology Guidelines for Grading of Classified Protection of Cyber Security (《信息安全技術 — 網絡安全等級保護定級指南》), which specifies grading standards, methods and work flows with respect to classification of information systems, (iii) Information Security Technology — Implementation Guide for Classified Protection of Cybersecurity (《信息安全技術 — 網絡安全等級保護實施指南》), which

provides the implementing principles with respect to the grading, overall security planning, security design and implementation, security operation and maintenance, and operation termination of information systems and the tasks and roles of system operators, cybersecurity service providers, cybersecurity products suppliers and the inspection and testing institutions in the aforementioned steps, (iv) Information Security Technology — Baseline for Classified Protection of Cybersecurity (《信息安全技術 — 網絡安全等級保護基本要求》), which provides requirements on the physical environment, communication network, security border control, security computing environment, security management center, security management regimes, security management department and personnel, security system construction and security operation and maintenance of information systems of different grades, (v) Information Security Technology — Technical Requirements of Security Design for Classified Protection of Cybersecurity (《信息安全技術 — 網絡安全等級保護安全設計技術要求》), which provides the security design requirements for information systems of different grades, (vi) Information Security Technology — Information System Security Management Requirements (《信息安全技術 — 信息系統安全管理要求》), which specifies the requirements on the security strategy and regimes, institution and personnel, risk management, environment and resources, operation and maintenance, business continuity management, supervision and inspection and lifecycle management of information systems of different grades, (vii) Information Security Technology — Evaluation Requirement for Classified Protection of Cybersecurity (《信息安全技術 — 網絡安全等級保護測評要求》), which specifies the evaluation principles, evaluation content, evaluation intensity, evaluation unit, and production of evaluation result and overall evaluation requirements on information systems of different grades, (viii) Information Security Technology — Security Capability Requirements for Big Data Services (《信息安全技術 — 大數據服務安全能力要求》), which specifies basic security requirements on the data assets, system assets, organization and personnel, strategic planning and management, data supply chains and compliance managements of big data service providers and the requirements for big data services with respect to the collection, transmission, storage, processing, exchange and destroy of data, and (ix) Information Security Technology — Guide for Health Information Security (《信息安全技術 — 健康醫療數據安全指南》) (Draft for Public Comments), which specifies the data protection requirements for medical and health data throughout data lifecycle and under different usage contexts.

On May 8, 2017, the Supreme People's Court and the Supreme People's Procuratorate released the Interpretations of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens' Personal Information (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》) (the "**Interpretations**"), effective from June 1, 2017. The Interpretations clarify several concepts regarding the crime of "infringement of citizens' personal information" stipulated by Article 253A of the Criminal Law of the PRC (《中華人民共和國刑法》), including "citizens' personal information", "violation of relevant national

provisions", "provision of citizens'personal information" and "illegally obtaining any citizen's personal information by other methods". In addition, the Interpretations specify the standards for determining "serious circumstances" and "particularly serious circumstances" of this crime.

Pursuant to the Law of the PRC on Guarding State Secrets (Revised in 2010) (《中華人民共和國保守國家秘密法(2010年修訂)》), the regulators and policy makers shall mark state secret on all the media that carry information related to state secrets, while the information does not involve state secrets, it shall not be marked as state secrets. When engaged in the aforementioned business, the Company did not see any state secret mark on the media.

REGULATIONS RELATING TO EMPLOYMENT AND SOCIAL WELFARE

The Labor Contract Law

Pursuant to the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), issued on June 29, 2007, amended on December 28, 2012 and newly effective on July 1, 2013, labor contracts shall be concluded in writing if labor relationships are to be or have been established between enterprises or institutions and the laborers. Enterprises and institutions are forbidden to force laborers to work beyond the time limit and employers shall pay laborers for overtime work in accordance with national regulations. In addition, labor wages shall not be lower than local standards on minimum wages and shall be paid to laborers in a timely manner.

According to the Labor Law of the PRC (《中華人民共和國勞動法》) promulgated on July 5, 1994 and last amended and newly effective on December 29, 2018, enterprises and institutions shall establish and improve their system of workplace safety and sanitation, strictly abide by state rules and standards on workplace safety, educate laborers in labor safety and sanitation in the PRC. Labor safety and sanitation facilities shall comply with state-fixed standards. Enterprises and institutions shall provide laborers with a safe workplace and sanitation conditions which are in compliance with state stipulations and the relevant articles of labor protection.

Social Insurance and Housing Fund

As required under the Regulation of Insurance for Labor Injury (《工傷保險條例》) promulgated on April 27, 2003, implemented on January 1, 2004 and amended on December 20, 2010, the Provisional Measures for Maternity Insurance of Employees of Corporations (《企業職工生育保險試行辦法》) promulgated on December 14, 1994 and implemented on January 1, 1995, the Decisions on the Establishment of a Unified Program for Basic Old-Aged Pension Insurance of the State Council (《國務院關於建立統一的企業職工基本養老保險制度的決定》) issued on July 16, 1997, the Decisions on the Establishment of the Medical Insurance Program for Urban Workers of the State Council (《國務院關於建立城鎮職工基本醫療保險制度的決定》) promulgated on

December 14, 1998, the Unemployment Insurance Measures (《失業保險條例》) promulgated on January 22, 1999 and the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) promulgated on October 28, 2010 and implemented on July 1, 2011 and amended on December 29, 2018, enterprises are obliged to provide their employees in the PRC with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, labor injury insurance and medical insurance. These payments are made to local administrative authorities and if employers fail to contribute, they may be ordered to make up within a prescribed time limit and may be liable for a late payment fee equal to 0.05% of the outstanding contribution amount for each day of delay.

In accordance with the Regulations on the Management of Housing Funds (《住房公積金管理條例》) which was promulgated by the State Council on April 3, 1999 and amended on March 24, 2002 and March 24, 2019, enterprises must register at the competent managing center for housing funds and upon the examination by such managing center of housing funds, these enterprises shall complete procedures for opening an account at the relevant bank for the deposit of employees' housing funds. Enterprises are also required to pay and deposit housing funds on behalf of their employees in full and in a timely manner. If an employer fails to undertake contribution registration of housing provident fund or fails to go through the formalities of opening housing provident fund accounts for its employees, the housing provident fund management center shall order it to go through the formalities within a prescribed time limit; where failing to do so at the expiration of the time limit, a fine of not less than 10,000 yuan nor more than 50,000 yuan shall be imposed. Furthermore, if an employer is overdue in the contribution of, or underpays, the housing provident fund, the housing provident fund management center shall order it to make the contribution within a prescribed time limit; where the contribution has not been made after the expiration of the time limit, an application may be made to a people's court for compulsory enforcement.

National Medical Insurance Program

The national medical insurance program was adopted pursuant to the Decision of the State Council on the Establishment of the Urban Employee Basic Medical Insurance Program (《關於建立城鎮職工基本醫療保險制度的決定》) issued by the State Council on December 14, 1998, under which all employers in urban cities are required to enroll their employees in the Urban Employee Basic Medical Insurance Program and the insurance premium is jointly contributed by the employers and employees. Pursuant to the Opinions on the Establishment of the New Rural Cooperative Medical System (《關於建立新型農村合作醫療制度意見的通知》) forwarded by the General Office of the State Council on January 16, 2003, China launched the New Rural Cooperative Medical System to provide medical insurance for rural residents in selected areas which has since spread to the whole nation. The State Council promulgated the Guiding Opinions of the State Council about the Pilot Urban Resident Basic Medical Insurance (《國務院關於開展城

鎮居民基本醫療保險試點的指導意見》) on July 10, 2007, under which urban residents of the pilot district, rather than urban employees, may voluntarily join Urban Resident Basic Medical Insurance. In 2015, the PRC government announced the Outline for the Planning of the National Medical and Health Service System (2015-2020) (《全國醫療衛生服務體系規劃綱要(2015-2020年)》) which aims to establish a basic medical and health care system that covers both rural and urban citizens by 2020.

On January 3, 2016, the State Council issued the Opinions on Integrating the Basic Medical Insurance Systems for Urban and Rural Residents (《國務院關於整合城鄉居民基本醫療保險制度的意見》) to integrate the Urban Resident Basic Medical Insurance and the New Rural Cooperative Medical System and the establishment of a unified Basic Medical Insurance for Urban and Rural Residents, which will cover all urban and rural non-working residents except for rural migrant workers and persons in flexible employment arrangements who participate in the basic medical insurance for urban employees.

With regard to reimbursement for medical devices and diagnostic tests, the Notice of Opinion on the Diagnosis and Treatment Management, Scope and Payment Standards of Medical Service Facilities Covered by the National Urban Employees Basic Medical Insurance Scheme (《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》) prescribes the coverage of diagnostic and treatment devices and diagnostic tests where part of the fees is 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 INTELLECTUAL PROPERTY

The Trademark Law

The Trademark Law of the PRC (《中華人民共和國商標法》) which was amended by the Standing Committee of the NPC on April 23, 2019 and came into effect on November 1, 2019 and the Implementation Rules of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) which was adopted by the State Council on August 3, 2002 and amended on April 29, 2014, stipulate the application, examination and approval, renewal, alternation, transfer, use and invalidation of trademark registration, and protect the trademark rights entitled to trademark registrants. In China, registered trademarks include commodity trademarks, service trademarks, collective marks and certification marks.

The Trademark Office under the State Administration for Industry and Commerce of the PRC (the China National Intellectual Property Administration has been established to undertake the duties of the Trademark Office in March, 2018) handles trademark registrations and grants a term of ten years to registered trademarks. Trademarks are renewable every ten years where a registered trademark needs to be used after the expiration of its validity term. A registration renewal application shall be filed within twelve months prior to the expiration of the term. A trademark registrant may license its registered trademark to another party by entering into a trademark license contract. Trademark license agreements must be filed with the Trademark Office for record. The licensor shall supervise the quality of the commodities on which the trademark is used, and the licensee shall guarantee the quality of such commodities. As with trademarks, the PRC Trademark Law has adopted a "first come, first file" principle with respect to trademark registration. Where trademark for which a registration application has been made is identical or similar to another trademark which has already been registered or been subject to a 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 first obtained by 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.

The Patent Law

Pursuant to the Patent Law of the PRC (《中華人民共和國專利法》) which was promulgated by the Standing Committee of the NPC on March 12, 1984 and last amended on October 17, 2020 and came into effect on June 1, 2021 as well as the Implementation 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 by the State Council on January 9, 2010, patents in China are divided into invention patent, utility models patent and design patent. Invention patent refers to new technical solutions for a product, method or its improvement; utility patent refers to new technical solutions for the shape, structure or the combination of both shape and structure of a product, which is applicable for practical use; design patent refers to new designs of the shape, pattern or the combination of shape and pattern, or the combination of the color, the shape and pattern of a product with esthetic feeling and industrial application value. Invention patent shall be valid for 20 years from the date of application while utility patent and design patent shall be valid for ten years from the date of application. The patent right entitled to its owner shall be protected by the laws. Any person shall be licensed or authorized by the patent owner before using such patent. Otherwise, the use constitutes an infringement of the patent right.

The Patent Law of the PRC (Revised in 2020) (《中華人民共和國專利法(2020年修訂)》) has been promulgated by the SCNPC on October 17, 2020 and will come into effect on June 1, 2021. Compared with the valid Patent Law which was amended on December 27, 2008 and come into

effect on October 1, 2009, the main changes of the Patent Law of the PRC (Revised in 2020) are concentrated on the following aspects: (i) clarifying the incentive mechanism for inventor or designer relating to service inventions; (ii) extending the duration of design patent; (iii) establishing a new system of "open licensing" (開放許可); (iv) improving the distribution of burden of proof in patent infringement cases; and (v) increasing the compensation for patent infringement.

The Copyright Law

Pursuant to the Copyright Law of the PRC (《中華人民共和國著作權法》) which was promulgated by the Standing Committee of the NPC on September 7, 1990 and last amended on November 11, 2020 and came into effect on June 1, 2021, Chinese citizens, legal persons or other organizations shall, whether published or not, enjoy copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software created in writing or oral or other forms. A copyright holder shall enjoy a number of rights, including the right of publication, the right of authorship and the right of reproduction.

Pursuant to the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on February 20, 2002 and the Regulation on Computers Software Protection (《計算機軟件保護條例》) which was promulgated by the State Council on June 4, 1991 and amended on January 30, 2013 and came into effect on March 1, 2013, the National Copyright Administration is mainly responsible for the registration and management of software copyright in China and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center shall grant certificates of registration to computer software copyright applicants in compliance with the regulations of the Measures for the Registration of Computer Software Copyright and the Regulation on Computers Software Protection.

Domain Names

Pursuant to the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》) promulgated by the Ministry of Industry and Information Technology on August 24, 2017 and came into effect on November 1, 2017, the establishment of any domain name root server and institution for operating domain name root servers, managing the registration of domain name and providing registration services in relation to domain name within the territory of China shall be subject to the approval of the Ministry of Industry and Information Technology or provincial, autonomous regional and municipal communications administration. The registration of domain name shall follow the principle of "first apply, first register." The Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Internet

Information Services (《工業和信息化部關於規範互聯網信息服務使用域名的通知》) promulgated by the Ministry of Industry and Information Technology on November 27, 2017 and came into effect on January 1, 2018 specifies the obligation of anti-terrorism and maintaining network security of internet information service providers.

LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE

The principal law governing foreign currency exchange in the PRC is the Regulations of the PRC on Foreign Exchange Administration (《中華人民共和國外匯管理條例》), which were promulgated by the State Council on January 29, 1996, came into effect on April 1, 1996, and amended on January 14, 1997 and August 5, 2008 (the "**Forex Regulations**"). According to the Forex Regulations, international payments in foreign currencies and transfers of foreign currencies under current account, such as payments of dividends or interests, shall not be restricted. Foreign currency transactions under the capital account, such as direct investment and capital contributions, are still subject to restrictions and require approvals from, or registration with, the SAFE and other relevant PRC governmental authorities.

According to the Circular of the State Administration of Foreign Exchange on Issues concerning the Administration of Foreign Exchange Involved in Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) announced by the SAFE on December 26, 2014, the SAFE and its branch offices and administrative offices shall oversee, regulate and inspect domestic companies regarding their business registration, opening and use of accounts, trans-border payments and receipts, exchange of funds and other conduct involved in overseas listing. Domestic company shall, within 15 working days upon the end of its public offering overseas, handle registration formalities for overseas listing with the foreign exchange authority at its place of registration with the required materials.

According to the Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》, the foreign exchange receipts under capital accounts of domestic institutions are subject to discretionary settlement policies. That the foreign exchange receipts under capital accounts (including foreign exchange capital, foreign debts, and repatriated funds raised through overseas listing) subject to discretionary settlement as expressly prescribed in the relevant policies may be settled with banks according to the actual need of domestic institutions for business operations has been clearly implemented in relevant policies. Domestic institutions may, at their discretion, settle up to 100% of foreign exchange receipts under capital accounts for the time being. The SAFE may adjust the above proportion in due time according to balance of payments. While being eligible for discretionary settlement of foreign exchange receipts under capital accounts, domestic institutions may also opt to use their foreign exchange receipts according to the payment-based settlement system. A bank shall, in

handling each transaction of foreign exchange settlement for a domestic institution according to the principle of payment-based settlement, review the authenticity and compliance of the use of the fund settled in the previous transaction (including discretionary settlement and payment-based settlement) of such institution. The funds shall not, directly or indirectly, be used for expenditure beyond the enterprise's business scope or expenditure prohibited by laws and regulations of the State. Unless otherwise specified, the funds shall not, directly or indirectly, be used for investments in securities or other investments than banks' principal-secured products. The funds shall not be used for the granting of loans to non-affiliated enterprises, except where it is expressly permitted in the business license. The funds shall not be used for the construction or purchase of real estate for purposes other than self-use (except for real estate enterprises).

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

REGULATIONS RELATING TO TAX

Enterprise Income Tax

According to the Law of the PRC on Enterprise Income Tax (《中華人民共和國企業所得税法》), which was enacted on March 16, 2007, effective from January 1, 2008 and amended on February 24, 2017 and December 29, 2018 and the Implementation Regulations for the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》), which was enacted on December 6, 2007 by the State Council, became effective on January 1, 2008 and was amended on April 23, 2019 (collectively, the "**EIT Law**"), taxpayers consist of resident enterprises and non-resident enterprises. Resident enterprises are defined as enterprises that are established in China in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but whose actual or de facto control is administered from within the PRC. Non-resident enterprises are defined as enterprises that are set up in accordance with the laws of foreign countries and whose actual administration is conducted outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from inside the PRC. Under the EIT Law and relevant implementing regulations, a uniform Enterprise income tax rate of 25% is applicable. However, if non-resident enterprises have not formed permanent establishments or premises in the PRC, or if they have formed permanent establishment institutions or premises in the PRC but there is no actual relationship

between the relevant income derived in the PRC and the established institutions or premises set up by them, the enterprise income tax is, in that case, set at the rate of 10% for their income sourced from inside the PRC.

Value-added Tax and Business Tax

The Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax (《關於全面推開營業税改徵增值税試點的通知》) was promulgated by the State Taxation Administration of the People's Republic of China (the "**STA**") and MOF on March 23, 2016 and effective from May 1, 2016, the pilot program of the collection of value-added tax in lieu of business tax shall be promoted nationwide in a comprehensive manner as of May 1, 2016, and the VAT rate of cultural creativity industry, categorized in modern service industry, is 6%.

The Provisional Regulations of PRC Concerning Value-added Tax (《中華人民共和國增值税暫行條例》) (the "**VAT Regulations**") was promulgated by the State Council on December 13, 1993 and amended on November 10, 2008, February 6, 2016 and November 19, 2017. The Implementing Rules for the Interim Regulations of the PRC on Value-added Tax (《中華人民共和國增值税暫行條例實施細則》) (the "**Implementing Rules on VAT**") was promulgated by the MOF on December 25, 1993, first amended on December 15, 2008 and came into effect on January 1, 2009, subsequently amended on October 28, 2011 and effective on November 1, 2011. Under the VAT Regulations and Implementing Rules on VAT, entities and individuals selling goods, providing labor services of processing, repairing or maintenance, or selling services, intangible assets or real property in China, or importing goods to China, shall be identified as taxpayers of value-added tax, and shall pay value-added tax. Unless stated otherwise, for VAT payers who are selling or importing goods, and providing processing, repairs and replacement services in the PRC, the tax rate shall be 17%, in certain limited circumstances, 11%.

According to the Interim Regulations of the PRC on Business Tax (《中華人民共和國營業税暫行條例》) (the "**BT Regulations**") promulgated by the State Council on December 13, 1993 and amended on November 10, 2008, all units and individuals providing taxable services as prescribed in the BT Regulations, transferring intangible assets or selling immovable properties within the territory of the PRC shall be taxpayers of business tax, and shall pay business tax in accordance with these Regulations. For taxpayers providing services, transferring intangible assets or selling immovable properties under different tax items, the turnover, transfer and sales volume under different tax items shall be accounted for respectively. Where the turnover has not been accounted for respectively, a higher tax rate shall apply. The BT Regulations has been abolished by the State Council on November 19, 2017.

According to the Notice of the MOF and the State Administration of Taxation on the Adjustment to VAT Rates (《財政部、稅務總局關於調整增值稅稅率的通知》) which was promulgated by MOF and STA on April 4, 2018 and came into effect on May 1, 2018, the deduction rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively. According to the Announcement on Policies for Deepening the VAT Reform (《關於深化增值稅改革有關政策的公告》) jointly which was promulgated by MOF, STA and General Administration of Customs on March 20, 2019 and became effective on April 1, 2019, for general VAT payers' sales activities or imports that are subject to VAT at an existing applicable rate of 16% or 10%, the applicable VAT rate is adjusted to 13% or 9% respectively.

Product Liability and Protection of Consumers' Rights

Pursuant to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) which was promulgated by the Standing Committee of the NPC on February 22, 1993 and amended on December 29, 2018, producers and sellers shall have their own proper regulations for the management of product quality, rigorously implementing post-oriented quality regulations, quality liabilities and relevant measures for their assessment. Producers and sellers are responsible for the product quality according to the provisions of the laws.

The product quality supervision and administration departments of the State Council are responsible for the supervision and administration of the quality of products of the whole country. All relevant departments of the State Council shall be responsible for the supervision of product quality within their own functions and duties.

Quality of products shall pass standard examinations and no substandard products shall be used as standard ones. Industrial products which may be hazardous to the health of the people and the safety of lives and property shall conform to the state and trade standards for ensuring the health of the human body and safety of lives and property. In absence of such state or trade standards, the products shall conform to the minimum requirements for ensuring the health of the human body and the safety of lives and property. It shall be prohibited to produce or sell industrial products that do not come to the requirements and demands for physical health and safety of body and property. Producers or sellers shall be responsible for any compensation arising from their unlawful acts such as production or sales of defective, eliminated or ineffective products, faking the place of origin or quality marks, mixing or adulterating products or passing off imitations as genuine, substandard products as quality ones or non-conforming products as conforming. Proceeds from the sales may be confiscated, the business license may be revoked and penalties may be imposed. If the case is serious, criminal responsibilities shall be investigated. Producers or sellers shall be liable for any damage to any person or property due to the defects of products resulting from the default of the producers or sellers.

Pursuant to the PRC Civil Code (Part VII Liability for Tort) (《中華人民共和國民法典(第七編侵權責任)》) which was promulgated by the Standing Committee of the NPC on May 28, 2020 and came into effect on January 1, 2021, a patient may make a claim against a medical institution or producer for any damage arising from defects of a medical device. In respect of any claim made by a patient, the medical institution is entitled to make a claim against the producer after the settlement of the compensation paid to the patient.

LAWS AND REGULATIONS RELATING TO COMPANY ESTABLISHMENT AND FOREIGN INVESTMENT

The establishment, operation and management of corporate entities in the PRC is governed by the Company Law of PRC (《中華人民共和國公司法》) (the "**PRC Company Law**"), which was issued by the Standing Committee of the NPC on December 29, 1993, last revised and became effective on October 26, 2018. Limited liability companies and stock limited companies established in the PRC shall be subject to the PRC Company Law. A foreign-invested company is also subject to the PRC Company Law unless otherwise provided by the foreign investment laws.

On March 15, 2019, the NPC approved the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**"), which became effective on January 1, 2020, replaced the Sino-Foreign Equity Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合資經營企業法》), the Sino-Foreign Cooperative Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合作經營企業法》) and the Wholly Foreign-Invested Enterprise Law of the PRC (《中華人民共和國外資企業法》), and becomes the legal foundation for foreign investment in the PRC. On December 26, 2019, the State Council issued the Regulations on Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》), which came into effect on January 1, 2020 and replaced the Regulations on Implementing the Sino-Foreign Equity Joint Venture Enterprise Law 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 Enterprise Law of the PRC (《中外合資經營企業合營期限暫行規定》), the Regulations on Implementing the Wholly Foreign Invested Enterprise Law 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 Enterprise Law of the PRC (《中華人民共和國中外合作經營企業法實施細則》).

The Foreign Investment Law sets out the basic regulatory framework for foreign investments and proposes to implement a management system of pre-establishment national treatment with a negative list for foreign investments, pursuant to which (i) foreign natural persons, enterprises or other organizations (collectively the "**Foreign Investors**") shall not invest in any sector forbidden by the negative list for access of foreign investment, (ii) for any sector restricted by the negative list, Foreign Investors shall conform to the investment conditions provided in the negative list, and (iii) sectors not included in the negative list shall be managed under the principle that domestic

investment and foreign investment shall be treated equally. The Foreign Investment Law also sets forth necessary mechanisms to facilitate, protect and manage foreign investments and proposes to establish a foreign investment information report system in which Foreign Investors or foreign-invested enterprises shall submit the investment information to competent departments of commerce through the enterprise registration system and the enterprise credit information publicity system. The organization form and structure and operating rules of foreign-invested enterprises are subject to the provisions of the PRC Company Law, the Partnership Enterprise Law of the PRC (《中華人民共和國合夥企業法》) and other applicable laws, if applicable.

On December 30, 2019, the MOFCOM and the State Administration for Market Regulation jointly issued the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which came into effect on January 1, 2020 and replaced the Interim Administrative Measures for the Record-filing 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》). Since January 1, 2020, for carrying out investment activities directly or indirectly in China, the foreign investors or foreign-invested enterprises shall submit investment information to the commerce administrative authorities through the Enterprise Registration System (企業登記系統) and the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) pursuant to these measures.

The Catalog for The Guidance of Foreign Investment Industries

Investments in the PRC by Foreign Investors and foreign-invested enterprises were regulated by the Catalog for The Guidance of Foreign Investment Industries (《外商投資產業指導目錄》), last repealed by the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2020 Version) (《外商投資准入特別管理措施(負面清單(2020年版)》, the "**Negative List 2020**") which was promulgated by the National Development and Reform Commission and the MOFCOM on June 30, 2020 and became effective on July 30, 2020 and the Catalog of Industries for Encouraging Foreign Investment (2020 Version) (《鼓勵外商投資產業目錄(2020年版)》) (the "**Encouraging Catalog 2020**") which was promulgated by the National Development and Reform Commission and the MOFCOM on December 27, 2020 and became effective on January 27, 2021. Pursuant to the Encouraging Catalog and the Negative List, foreign-invested projects are categorized as encouraged, restricted and prohibited. Foreign-invested projects that are not listed in the Negative List are permitted foreign invested projects.

According to the Encouraging Catalog 2020 and the Negative List 2020, the industry in which our PRC subsidiaries are primarily engaged does not fall into the category of restricted or prohibited industries.

Regulations Relating to the H Share Full Circulation

"Full circulation" means listing and circulating on the Stock Exchange of the domestic unlisted shares of an H-share listed company ("**H-share listed company**"), including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. On November 14, 2019, CSRC announced the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (Announcement of the CSRC [2019] No. 22) (《H股公司境內未上市股份申請「全流通」業務指引》(中國證券監督管理委員會公告[2019]22號)) ("**Guidelines for the 'Full Circulation'**").

According to the Guidelines for the "Full Circulation", shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to file the said application for "full circulation". To file an application for "full circulation", an H-share company shall file the application with the CSRC according to the administrative licensing procedures necessary for the "examination and approval of public issuance and listing (including additional issuance) of shares overseas by a joint stock company". After the application for "full circulation" has been approved by the CSRC, an H-share listed company shall submit a report on the relevant situation to the CSRC within 15 days after the registration with the China Securities Depository and Clearing Corporation Limited ("**CSDC**") of the shares related to the application has been completed. After domestic unlisted shares are listed and circulated on the Stock Exchange, they may not be transferred back to China.

On November 15, 2019, the CSRC issued Reply to the Press by the CSRC Spokesperson regarding the Fully Implementation of the "full circulation" Reform of H Shares (《中國證監會新聞發言人就全面推開H股「全流通」改革答記者問》) pursuant to which H-share companies can apply for "full circulation" separately or when applying for refinancing abroad. An unlisted domestic joint stock company can apply for "full circulation" when applying for an overseas initial public offering. Once the application for "full circulation" has been approved by the CSRC, shareholders of domestic unlisted shares shall change shares registration according to relevant rules of CSDC, as well as relevant rules of shares registration and shares listing of Hong Kong market, and shall disclose information lawfully.

On December 31, 2019, CSDC and Shenzhen Stock Exchange ("**SZSE**") jointly announced the Measures for Implementation of H-share "Full Circulation" Business (《H股「全流通」業務實施細則》) ("**Measures for Implementation**"). The businesses of cross-border transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc. in relation to

the H-share "full circulation business", are subject to the Measures for Implementation. Where there is no provision in the Measures for Implementation, it shall be handled with reference to other business rules of the CSDC and CSDC (Hong Kong) and SZSE.

Pursuant to the Measures for Implementation, after having completed relevant information disclosure, the H-share listed companies with the approval of the CSRC to engage in the H-share "full circulation" business shall apply to the CSDC for the deregistration of part or all of the non-foreign listed shares, and shall re-register the fully circulated H-share which are not pledged, frozen, restricted to transfer to the share register institutions in Hong Kong. Such shares shall become eligible for listing and circulation on the Stock Exchange. Relevant securities are centrally deposited in CSDC for settlement. As the nominal holder of the above-mentioned securities, CSDC handles the depository and holding details maintenance, cross-border clearing and settlement and other businesses involved in the "full circulation" of H-share, and provides nominal holder services for investors. The H-share listed company shall be authorized by "full circulation" shareholders to choose domestic securities companies that participate in the "full circulation" business of H-shares. "Full circulation" shareholders may submit trading instructions of H-share "full circulation" shares through domestic securities companies. Domestic securities companies shall select a Hong Kong Securities Company to submit trading instructions of their "full circulation" shareholders to Hong Kong Stock Exchange for trading. After the transaction is concluded, CSDC and CSDC (Hong Kong) shall handle the cross-border clearing and settlement of relevant shares and funds. The settlement currency of H-share "full circulation" transaction business is Hong Kong Dollars. Where an H-share listed company entrusts CSDC to distribute cash dividends, it shall file an application with CSDC. An H-share listed company distributing cash dividends may apply to the CSDC for the holding details of relevant shareholders on the securities registration date. The non-H-share "fully circulated" securities listed on the Hong Kong Stock Exchange obtained due to the distribution and conversion of H-share "fully circulated" securities may be sold but shall not be purchased. Where the right to subscribe for the shares listed on Hong Kong Stock Exchange is obtained and the subscription right is listed on Hong Kong Stock Exchange, it may be sold, but shall not be exercised.

In order to fully promote the reform of H-shares "full circulation" and clarify the business arrangement and procedures for the relevant shares' registration, custody, settlement and delivery, CSDC has promulgated the Circular on Issuing the Guide to the Program for Full Circulation of H-shares (《關於發佈H股「全流通」業務指南的通知》) in February 2020, which specified the business preparation, account arrangement, cross-border share transfer registration and overseas centralized custody, etc. In February 2020, CSDC (Hong Kong) also promulgated the Guide to the Program for Full Circulation of H-shares (《中國證券登記結算(香港)有限公司H股「全流通」業務指南》) to specify the relevant escrow, custody, agent service of CSDC (Hong Kong), arrangement for settlement and delivery and other relevant matters.

The Domestic Participating Shareholders may only deal in the Shares upon completion of the below arrangement procedures for the registration, deposit and transaction settlement in relation to the conversion and listing:

(a) The Company shall appoint CSDC as the nominal holder to deposit the relevant securities at CSDC (Hong Kong), which will then deposit the securities at Hong Kong Securities Clearing Company Limited in its own name. CSDC, as the nominal holder of the Domestic Participating Shareholders, shall handle all custody, maintenance of detailed records, cross-broader settlement and corporate actions, etc. relating to the converted H Shares for the Domestic Participating Shareholders;

(b) The Company shall engage a domestic securities company (the "**Domestic Securities Company**") to provide services such as the transmission of sell orders and trading messages in respect of the converted H Shares. The Domestic Securities Company will engage a Hong Kong securities company (the "**Hong Kong Securities Company**") for settlement of share transactions. The Company shall make an application to CSDC, Shenzhen Branch for the maintenance of a detailed record of the initial holding of the converted H Shares held by our Shareholders. Meanwhile, the Company shall submit applications for a domestic transaction commission code and abbreviation, which shall be confirmed by CSDC, Shenzhen Branch as authorized by SZSE;

(c) The SZSE shall authorize Shenzhen Securities Communication Co., Ltd. to provide services relating to transmission of trading orders and trading messages in respect of the Converted H Shares between the Domestic Securities Company and the Hong Kong Securities Company, and the real-time market forwarding services of the H Shares;

(d) According to the Notice of the SAFE on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》), the Domestic Participating Shareholders shall complete the overseas shareholding registration with the local foreign exchange administration bureau before the Shares are sold, and after the overseas shareholding registration, open a specified bank account for the holding of overseas shares by domestic investors at a domestic bank with relevant qualifications and open a fund account for the H Share "full circulation" at the Domestic Securities Company. The Domestic Securities Company shall open a securities trading account for the H Share "full circulation" at the Hong Kong Securities Company; and

(e) The Domestic Participating Shareholders shall submit trading orders of the Converted H Shares through the Domestic Securities Company. Trading orders of the Domestic Participating Shareholders for the relevant Shares will be submitted to the Hong Kong Stock Exchange through the securities trading account opened by the Domestic Securities Company at the Hong Kong Securities Company. Upon completion of the transaction, settlements between each of the Hong Kong Securities Company and CSDC (Hong Kong), CSDC (Hong Kong) and CSDC, CSDC and the Domestic Securities Company, and the Domestic Securities Company and the Domestic Participating Shareholders, will all be conducted separately.

OVERVIEW

The history of our Group can be traced back to September 2015, when our Founder, Mr. Zhang, and another initial shareholder, Mr. Yang Peng (楊鵬), established our Company using their own funds. Founded in 2015, we are one of the first to provide AI-empowered retina-based early detection, diagnosis and health risk assessment solutions in China, according to Frost & Sullivan. Leveraging retinal imaging, multimodal data analyses and AI deep learning algorithms, our solutions differ from traditional chronic disease early detection and diagnosis, enabling non-invasive, accurate, fast, effective and scalable detection and diagnosis of chronic diseases in both medical institutions and consumer healthcare providers.

MILESTONES

The following table summarizes various key milestones in our corporate and business development.

Year	Milestone
September 2015	Our Company was established in Beijing.
September 2017	Our Company hosted the first international medical AI conference sponsored by the Chinese Association for Artificial Intelligence (中國人工智能學會).
April 2018	We started the strategic cooperation with iKang.
June 2018	We started the strategic cooperation with Nova Vision.
September 2018	We entered into a project cooperation agreement with Zhongshan Ophthalmic Center of Sun Yat-sen University (中山大學中山眼科中心) regarding the development of AI assessment and diagnosis system, which is a National Key R&D Program (國家重點研發計劃).
October 2019	We obtained the Wu Wen Jun AI Science and Technology Progress Award — Enterprise Technology Innovation Engineering Project (吳文俊人工智能科技進步獎 — 企業技術創新工程項目), which is a supreme award in AI technology in China.
June 2020	We received a Class II medical device registration certificate from the Shanghai branch of the NMPA for our glaucoma detection SaMD.
August 2020	We obtained a Class III medical device registration certificate from NMPA for our Airdoc-AIFUNDUS (1.0).
December 2020	Our Company was converted into a joint stock company.
March 2021	We received a Class II medical device registration certificate from the Shanghai branch of the NMPA for our AI-FUNDUSCAMERA-P.
May 2021	We completed our Series D Financing.

CORPORATE HISTORY

Establishment and Major Shareholding Changes of Our Company

Our Company was established in Beijing as a limited liability company on September 9, 2015 with an initial registered capital of RMB100,000. At the time of our establishment, our Company was owned as to 85.71% by our Founder, Mr. Zhang, and 14.29% by another initial shareholder, Mr. Yang Peng. Our two Co-Founders, Mr. Chen and Mr. Gao, also joined our Company at the time of our establishment. Mr. Zhang first became acquainted with Mr. Gao in 2009 when Mr. Zhang was looking for cooperation partners for computer technology development, and with Mr. Chen in 2013 through business and personal contacts. Subsequently in 2015, Mr. Zhang, Mr. Gao

and Mr. Chen became acquainted with each other during their services at Sina Technology (China) Company Limited* (新浪網技術(中國)有限公司), and further decided to jointly found our Company. At the time of our establishment, Mr. Gao was responsible for assisting Mr. Zhang to oversee and supervise the day-to-day management and operation of the Group, and Mr. Chen, with strong expertise and experience in software development, first served as a Director and was mainly responsible for overseeing product development and technical matters, as well as the formation and management of the R&D team of our Group. Mr. Chen subsequently resigned as a Director on December 25, 2020 but remained as the chief officer of R&D of our Group as he wishes to devote more time in exploring technical breakthroughs. For further biographical details of Mr. Chen, see "Directors, Supervisors and Senior Management — Other Key Members of Our Group." Mr. Zhang and Mr. Gao remained as our executive Directors, and their biographical details are set out in "Directors, Supervisors and Senior Management." Our Company was renamed as Beijing Airdoc Technology Co., Ltd. (北京鷹瞳科技發展股份有限公司) after conversion into a joint stock company on December 28, 2020.

Since the establishment, our Company has undertaken a series of capital increases to raise funds for the development of our business and to bring in new Shareholders to our Company. The major shareholding changes of our Company are set out below.

1. Pre-Series A Financing, divestment of Mr. Yang Peng and the establishment of Airdoc Universe

On November 17, 2015, our Company, our Founder, the Pre-Series A Investors and Mr. Yang Peng entered into a capital increase agreement, pursuant to which the Pre-Series A Investors agreed to invest in our Company by subscribing for our registered capital of RMB1,900,000 at the total subscription price of RMB7,500,000 (the "**Pre-Series A Financing**"), and Mr. Zhang and Mr. Yang Peng subscribed for our registered capital of RMB5,600,000 at a nominal consideration. The subscription prices were determined based on arm's length negotiation between the parties primarily taking into account the status of our business and the research and development progress of our product candidates at that time, and were fully settled on November 18, 2015. Upon completion of the Pre-Series A Financing, our Company was owned by Mr. Zhang, Beijing Jiuhe Yunteng Investment Center (Limited Partnership)* (北京九合雲騰投資中心(有限合夥)) ("**Jiuhe Yunteng**"), Suzhou Zhilang Guangcheng Venture Center (Limited Partnership)* (蘇州智朗廣成創業投資中心(有限合夥)) ("**Zhilang Guangcheng**"), Mr. Yang Peng, Mr. Xu Hui (許暉) and Mr. Hu Dianwei (胡殿偉) as to approximately 66.57%, 10.00%, 10.00%, 8.43%, 3.00% and 2.00%, respectively, and the registered capital of our Company was increased from RMB100,000 to RMB7,600,000. For further details of the Pre-Series A Financing, see "— Pre-IPO Investments" below.

In April 2016, our registered capital reduced from RMB7,600,000 to RMB5,000,000 due to the divestment of Mr. Yang Peng for his personal reasons. Pursuant to a written resolution of the Shareholders at that time, our Company repurchased the 8.43% equity interest held by Mr. Yang Peng at a consideration of RMB14,290, which was the capital paid up by Mr. Yang Peng prior to the capital reduction. Such consideration was fully settled on April 5, 2016 by us utilizing our own funds. Upon completion of the capital reduction, our Company was owned by Mr. Zhang and the Pre-Series A Investors as to 75.00% and 25.00%, respectively. In June 2016, our registered capital increased by RMB2,600,000 from RMB5,000,000 to RMB7,600,000, which was subscribed for by Airdoc Universe, our employee incentive platform established in February 2016, and certain of our equity owners at that time. For details of Airdoc Universe, see "— Employee Incentive Platforms"

below. Immediately after these capital changes, our Company was owned by Mr. Zhang, Airdoc Universe and the Pre-Series A Investors as to approximately 51.00%, 24.00% and 25.00%, respectively.

2. Series A Financing

On October 10, 2016, our Company, Airdoc Universe, Mr. Xu Hui, Mr. Hu Dianwei and the Series A Investors, namely Sogou Information, Jiuhe Yunteng, Zhilang Guangcheng and Suzhou Zhilang Fengcheng Venture Investment Center (Limited Partnership)* (蘇州智朗豐成創業投資中心(有限合夥)) ("**Zhilang Fengcheng**"), entered into a capital increase agreement, pursuant to which the Series A Investors agreed to invest in our Company by subscribing for our registered capital of RMB1,266,667 at the total subscription price of RMB25,000,000 (the "**Series A Financing**"). The subscription prices were determined based on arm's length negotiation between the parties primarily taking into account the status of our business and the research and development progress of our product candidates at that time, and were fully settled on October 27, 2016. Upon completion of the Series A Financing, our Company was owned as to approximately (i) 64.28% by Mr. Zhang and Airdoc Universe and (ii) 35.72% by other minority equity owners, and the registered capital of our Company was increased from RMB7,600,000 to RMB8,866,667. For further details of the Series A Financing, see "— Pre-IPO Investments" below.

3. Series B Financing

Pursuant to a capital increase and equity transfer agreement dated February 22, 2018 and supplemented on April 10, 2018 by and between, among others, our Company and the Series B Investors, the Series B Investors agreed to invest in our Company by subscribing for and/or purchasing our registered capital (the "**Series B Financing**"), details of which are set out below:

Name of Pre-IPO Investors	Name of transferors	Consideration	Registered capital purchased/ subscribed for	Date on which consideration was fully settled
		(RMB)	*(RMB)*	
Subscription of increased registered capital				
Yadong Beichen	N/A	88,500,000	1,961,750	March 16, 2018
Sogou Information	N/A	11,500,000	254,917	March 1, 2018
Purchase of registered capital from other equity owners				
Yadong Beichen	Mr. Xu Hui	4,642,942	102,920	March 16, 2018
	Mr. Hu Dianwei	6,857,058	152,000	March 16, 2018
Kanghe Huizhi Management Consulting (Tianjin) Partnership (Limited Partnership)* (康合慧智管理諮詢(天津)合夥企業(有限合夥)) ("**Kanghe Huizhi**")	Zhilang Guangcheng	4,000,000	88,667	April 10, 2018
	Jiuhe Yunteng	12,000,000	266,000	April 10, 2018

The relevant considerations were determined based on arm's length negotiation between the parties primarily taking into account the status of our business and the research and development progress of our product candidates at that time.

Upon completion of the Series B Financing, our Company was owned as to approximately (i) 51.43% by Mr. Zhang and Airdoc Universe, (ii) 20% by Yadong Beichen and (iii) 28.57% by other minority equity owners, and the registered capital of our Company was increased from RMB8,866,667 to RMB11,083,334. For further details of the Series B Financing, see "— Pre-IPO Investments" below.

4. Series B+ Financing

Pursuant to a capital increase and equity transfer agreement dated November 30, 2018 and supplemented on November 1, 2019 and December 20, 2019 by and between, among others, our Company and the Series B+ Investors, the Series B+ Investors agreed to invest in our Company by subscribing for and/or purchasing our registered capital (the "**Series B+ Financing**"), details of which are set out below:

Name of Pre-IPO Investors	Name of transferors	Consideration	Registered capital subscribed for/ purchased	Date on which consideration was fully settled
		(RMB)	*(RMB)*	
Subscription of increased registered capital				
Ping An Healthtech	N/A	85,000,000	1,308,449	December 26, 2018
Shenzhen Kaiyan Mingzhi Investment Partnership (Limited Partnership)* (深圳開研明致投資有限合夥企業(有限合夥)) ("**Kaiyan Mingzhi**")	N/A	40,000,000	615,741	November 20, 2019
Ruizhixin (Shenzhen) Technology Industry Development Co., Ltd.* (睿智信(深圳)科技產業發展有限公司) ("**Ruizhixin**")	N/A	20,000,000	307,870	September 18, 2020
Tianjin Yuebo Investment Consulting Co., Ltd.* (天津躍波投資諮詢有限公司) ("**Tianjin Yuebo**")	N/A	20,000,000	307,870	January 15, 2019
CITIC Securities Investment Co., Ltd.* (中信証券投資有限公司) ("**CITIC Investment**")	N/A	20,000,000	307,870	December 19, 2018
Purchase of registered capital from other equity owners				
Ping An Healthtech	Mr. Zhang	3,122,000	155,167	December 26, 2018
	Airdoc Universe	1,338,000	66,500	December 26, 2018
Ningbo Xingbangyu Enterprise Management Consulting Partnership (Limited Partnership)* (寧波星邦鬱企業管理諮詢合夥企業(有限合夥)) ("**Xingbangyu**")	Yadong Beichen	1,100,000	24,383	April 8, 2020

The relevant considerations were determined based on arm's length negotiation between the parties primarily taking into account the status of our business and the research and development progress of our product candidates at that time.

On June 1, 2020, our Co-Founders, namely Mr. Chen and Mr. Gao, being the then limited partners of Airdoc Universe, directed Airdoc Universe to transfer its registered capital of RMB417,208 and RMB197,520, respectively, representing approximately 2.99% and 1.42% of our then registered capital, to Mr. Chen and Mr. Gao, in exchange for their respective limited partnership interests in Airdoc Universe.

Upon completion of the Series B+ Financing and the aforesaid transfers to Mr. Chen and Mr. Gao, our Company was owned as to approximately (i) 39.32% by Mr. Zhang, Mr. Chen, Mr. Gao and Airdoc Universe as our Single Largest Group of Shareholders, (ii) 15.74% by Yadong Beichen and (iii) 44.94% by other minority equity owners, and the registered capital of our Company was increased from RMB11,083,334 to RMB13,931,134. For details of the Series B+ Financing, see "— Pre-IPO Investments" below.

5. Series C Financing and the establishment of Suqian Airdoc

Pursuant to a capital increase and equity transfer agreement dated October 23, 2020 and supplemented on November 20, 2020 by and between, among others, our Company and the Series C Investors, the Series C Investors agreed to invest in our Company by subscribing for and/or purchasing our registered capital (the "**Series C Financing**"), details of which are set out below:

Name of Pre-IPO Investors	Name of transferors	Consideration	Registered capital subscribed for/ purchased	Date on which consideration was fully settled
		(RMB)	*(RMB)*	
Subscription of increased registered capital				
Jinan Chanyan Zhongxiang Equity Investment Management Center (Limited Partnership)* (濟南產研中翔股權投資管理中心(有限合夥)) ("**Chanyan Zhong Xiang**")	N/A	100,000,000	494,012	October 30, 2020
Xinyu Hangneng Asset Management Partnership (Limited Partnership)* (新餘航能資產管理合夥企業(有限合夥)) ("**Xinyu Hangneng**")	N/A	50,000,000	247,006	October 28, 2020
Everbright Healthcare Co., Ltd. (中國光大醫療健康產業有限公司) ("**Everbright Healthcare**")	N/A	20,000,000	98,802	October 29, 2020
Sansheng Guojian Pharmaceutical (Shanghai) Co., Ltd.* (三生國健藥業(上海)股份有限公司) ("**Sansheng Guojian**")	N/A	10,000,000	49,401	October 30, 2020
Purchase of registered capital from other equity owners				
Guoke Kaiyan I (Shenzhen) Intelligent Medical Investment Fund (Limited Partnership)* (國科開研一期(深圳)智能醫療投資合夥企業(有限合夥)) ("**Guoke Kaiyan**")	Kaiyan Mingzhi	24,783,246	122,432	January 4, 2021
	Mr. Zhang	3,036,364	15,000	January 4, 2021
	Mr. Chen	1,821,819	9,000	January 4, 2021
	Mr. Gao	1,821,819	9,000	January 4, 2021
	Airdoc Universe	1,012,121	5,000	January 4, 2021

Name of Pre-IPO Investors	Name of transferors	Consideration	Registered capital subscribed for/ purchased	Date on which consideration was fully settled
		(RMB)	*(RMB)*	
Wenzhou Haiyin Qianshao Equity Investment Partnership (Limited Partnership)* (溫州海銀前哨股權投資合夥企業(有限合夥)) ("**Haiyin Qianshao**")	Mr. Zhang	5,000,000	24,701	October 28, 2020
Shanghai Nengjun Chuangye Venture Investment Center (Limited Partnership)* (上海能駿創業投資中心(有限合夥)) ("**Nengjun Investment**")	Kanghe Huizhi	20,000,000	110,173	November 26, 2020
Shanghai Morong Investment Center (Limited Partnership)* (上海摩融投資中心(有限合夥)) ("**Morong Investment**")	Kanghe Huizhi	27,000,000	148,733	December 1, 2020

The relevant considerations were determined based on arm's length negotiation between the parties primarily taking into account the status of our business and the research and development progress of our product candidates at that time.

During Series C Financing, each of Sogou Information, Kanghe Huizhi, Yuebo Investment and Mr. Xu Hui also transferred its/his interests in our Company to their respective affiliates, the details of which are set out below. The considerations thereunder were determined based on the arrangements between the affiliated parties and have been fully settled or waived prior to the completion of the Series C Financing.

Name of transferee	Name of transferors	Consideration	Registered Capital transferred
		(RMB)	*(RMB)*
Shiji Sisu	Sogou Information	31,500,000	1,268,250
Beijing Fuhoinnovation Venture Investment Management Center (Limited Partnership)* (北京富匯創世創業投資管理中心(有限合夥)) ("**Fuhoinnovation**")	Kanghe Huizhi	4,320,000	95,760
CITIC (Shenzhen) Venture Capital Equity Investment Fund Partnership (Limited Partnership)* (中信(深圳)創業投資股權投資基金合夥企業(有限合夥)) ("**CITIC Venture Capital**")	Yuebo Investment	22,100,000	307,871
Tianjin Xishan Partner Technology Partnership (Limited Partnership)* (天津溪山夥伴科技合夥企業(有限合夥)) ("**Tianjin Xishan**")	Mr. Xu Hui	494,066	125,080

At the same time, Suqian Airdoc was established as an employee incentive platform of our Group and subscribed for our registered capital of RMB889,221, representing 5.66% of our registered capital immediately upon completion of the Series C Financing. For details of Suqian Airdoc, see "— Employee Incentive Platforms" below.

Upon completion of the Series C Financing and the establishment of Suqian Airdoc, our Company was owned as to approximately (i) 34.47% by Mr. Zhang, Mr. Chen, Mr. Gao and Airdoc Universe as our Single Largest Group of Shareholders, (ii) 13.96% by Yadong Beichen and (iii) 51.57% by other minority equity owners, and the registered capital of our Company was increased from RMB13,931,134 to RMB15,709,577. For further details of the Series C Financing, see "— Pre-IPO Investment" below.

6. Conversion into a Joint Stock Company

On December 24, 2020, our equity owners at that time passed resolutions approving, among other matters, the conversion of our Company from a limited liability company into a joint stock company. On December 25, 2020, our Company convened its inaugural meeting and the first general meeting, and passed related resolutions approving the conversion into a joint stock company, the articles of association and the relevant procedures. Upon completion of the conversion, the share capital of our Company became RMB15,709,577 divided into 15,709,577 Shares with a nominal value of RMB1.00 each, which were subscribed for by our equity owners at that time in proportion to their respective equity interests in our Company before the conversion. The conversion was completed on December 28, 2020 and our Company obtained a new business license.

7. Series C+ Financing

On December 29, 2020, our Company, our Shareholders at that time, the Series C+ Investors, namely Nanjing Fanghua Equity Investment Fund (Limited Partnership)* (南京芳華股權投資基金合夥企業(有限合夥)) ("**Fanghua Investment**") and Aranya Holding Group Co., Limited (阿那亞控股集團有限公司) ("**Aranya Holding**"), entered into a share subscription agreement, pursuant to which the Series C+ Investors agreed to subscribe for 197,605 and 98,802 Shares at subscription prices of RMB40,000,000 and RMB20,000,000, respectively (the "**Series C+ Financing**"). The relevant subscription prices were determined based on arm's length negotiation between the parties primarily taking into account the status of our business and the research and development progress of our product candidates at that time, and were fully settled on December 29, 2020.

Upon completion of the Series C+ Financing, our Company was owned as to approximately (i) 33.84% by Mr. Zhang, Mr. Chen, Mr. Gao and Airdoc Universe as our Single Largest Group of Shareholders, (ii) 13.70% by Yadong Beichen and (iii) 52.46% by other minority Shareholders, and the total issued Shares of our Company increased from 15,709,577 Shares to 16,005,984 Shares with a nominal value of RMB1.00 each. For further details of the Series C+ Financing, see "— Pre-IPO Investments" below.

8. Capitalization Issue in December 2020

On December 29, 2020, our Shareholders at that time passed a resolution approving the capitalization of RMB58,994,016 from our share premium for the issuing of 58,994,016 Shares with a nominal value of RMB1.00 each to our Shareholders at that time on a pro rata basis (the "**Capitalization Issue**"). Upon completion, the total issued Shares of our Company increased from 16,005,984 Shares to 75,000,000 Shares with a nominal value of RMB1.00 each.

9. Series D Financing and the establishment of Suqian Zhongyou

On April 30, 2021, our Company, our Shareholders at that time and the Series D Investors, namely LBC Sunshine Healthcare Fund II L.P. ("**LBC Sunshine**"), LAV ImmOn Hong Kong Limited ("**LAV ImmOn**"), OrbiMed New Horizons Master Fund L.P. ("**OrbiMed New Horizons**"), OrbiMed Genesis Master Fund, L.P. ("**OrbiMed Genesis**"), and Fuhoinnovation, entered into a share subscription agreement, pursuant to which the Series D Investors agreed to subscribe for 1,571,536, 1,571,536, 314,307, 209,539 and 314,307 Shares, at subscription prices of RMB96,450,000 (US$15,000,000), RMB96,450,000 (US$15,000,000), RMB19,290,000 (US$3,000,000), RMB12,860,000 (US$2,000,000) and RMB19,275,000, respectively (the "**Series D Financing**"). The subscription prices were determined based on arm's length negotiation between the parties primarily taking into account the status of our business and the research and development progress of our product candidates at that time and were fully settled on May 21, 2021.

At the same time, Suqian Zhongyou was established as an employee incentive platform of our Group and subscribed for 2,319,588 Shares, representing 2.85% of the issued Shares of our Company immediately upon completion of the Series D Financing. For details of Suqian Zhongyou, see "— Employee Incentive Platforms" below.

Upon completion of the Series D Financing and the issue of new Shares to Suqian Zhongyou, our Company was owned as to approximately (i) 31.22% by Mr. Zhang, Mr. Chen, Mr. Gao and Airdoc Universe as our Single Largest Group of Shareholders, (ii) 12.64% by Yadong Beichen and (iii) 56.14% by other minority Shareholders, and the issued Shares of our Company increased from 74,999,984 Shares to 81,300,813 Shares with a nominal value of RMB1.00 each. For further details of the Series D Financing, see "— Pre-IPO Investments" below.

PRC Legal Advisor's Confirmation

As advised by our PRC Legal Advisors, our Company has obtained all necessary approvals from competent authorities and our Shareholders at the time of the transactions, and made all necessary filings with competent authorities, and has complied with applicable PRC laws and regulations in respect of the Pre-IPO Investments set out above.

Concert Party Agreement

Mr. Zhang first became acquainted with Mr. Gao in 2009 when Mr. Zhang was looking for cooperation partners for computer technology development, and with Mr. Chen in 2013 through business and personal contacts. Subsequently in 2015, Mr. Zhang, Mr. Gao and Mr. Chen became acquainted with each other during their services at Sina Technology (China) Company Limited* (新浪網技術(中國)有限公司), and further decided to co-found our Group through the establishment of our Company on September 9, 2015. On October 14, 2016, Mr. Zhang, Mr. Chen and Mr. Gao entered into the Concert Party Agreement, pursuant to which Mr. Gao and Mr. Chen have undertaken to vote unanimously with Mr. Zhang at all Directors' meetings of our Company, and such acting in concert arrangements apply to their votes at the shareholder's meeting when Mr. Gao and Mr. Chen became our Shareholders in June 2020.

Employee Incentive Platforms

In recognition of the contributions of our employees and to incentivize them to further promote our development, Airdoc Universe, Suqian Airdoc and Suqian Zhongyou were established in the PRC as our employee incentive platforms.

Airdoc Universe

Airdoc Universe was established in the PRC as a limited partnership on February 22, 2016. Mr. Zhang is the sole general partner of Airdoc Universe and is responsible for the management of Airdoc Universe. As of the Latest Practicable Date, Airdoc Universe had 47 limited partners, including Dr. Chen Yuzhong (executive Director), Mr. Chen Hailong (executive Director), Mr. Wei Yubo (Supervisor), Ms. Yang Wenting (chief financial officer) and 43 other employees of our Group. As of the Latest Practicable Date, Airdoc Universe subscribed for approximately 6.56% of the registered capital of our Company by using the relevant employees' own funds invested into Airdoc Universe. The voting rights attaching to the Shares held by Airdoc Universe are exercised by the general partner of Airdoc Universe in accordance with the partnership agreement entered into among the general and limited partners of Airdoc Universe.

Suqian Airdoc

Suqian Airdoc was established in the PRC as a limited partnership on October 13, 2020. Ms. Xu Yanhua (徐彦華), an employee of our Group, was nominated by the limited partners of Suqian Airdoc to act as the sole general partner of Suqian Airdoc as she is a senior product manager participating in the design and upgrading of the products of the Group and has a good reputation among the employees of the Group. As of the Latest Practicable Date, Suqian Airdoc had 29 limited partners, including Dr. Chen Yuzhong (executive Director), Mr. Chen Hailong (executive Director), Mr. Wei Yubo (Supervisor), Ms. Yang Wenting (chief financial officer) and 25 other employees of our Group. As of the Latest Practicable Date, Suqian Airdoc subscribed for approximately 5.12% of the registered capital of our Company by using the relevant employees' own funds invested into Suqian Airdoc. The general partner of Suqian Airdoc exercises the voting rights attaching to the Shares held by Suqian Airdoc pursuant to the partnership agreement and in accordance with the majority votes of the Shareholders of our Company.

Suqian Zhongyou

Suqian Zhongyou was established in the PRC as a limited partnership on November 9, 2020. Ms. Xu Yanhua was nominated by the limited partner of Suqian Zhongyou to act as the sole general partner of Suqian Zhongyou as she is a senior product manager participating in the design and upgrading of the products of the Group and has a good reputation among the employees of the Group. As of the Latest Practicable Date, Suqian Zhongyou had one limited partner, who is an employee of our Group. As of the Latest Practicable Date, Suqian Zhongyou subscribed for approximately 2.85% of the registered capital of our Company, which will be further paid up when the partnership interest in Suqian Zhongyou are subscribed for by the employees to be incentivized. The general partner of Suqian Zhongyou exercises the voting rights attaching to the Shares held by Suqian Zhongyou pursuant to the partnership agreement and in accordance with the majority votes of the Shareholders of our Company.

OUR SUBSIDIARIES

Airdoc Shanghai

Airdoc Shanghai was established in the PRC on July 26, 2017 with an initial registered capital of RMB5,000,000. On June 21, 2019, the registered capital of Airdoc Shanghai was increased from RMB5,000,000 to RMB10,000,000. Airdoc Shanghai has been wholly owned by our Company since its establishment. Airdoc Shanghai mainly engages in the R&D, production and sales of our SaMDs for diagnosis and detection, health risk assessment solutions and hardware devices.

Airdoc Guangzhou

Airdoc Guangzhou was established in the PRC on August 22, 2017 with a registered capital of RMB5,000,000. Airdoc Guangzhou has been wholly owned by our Company since its establishment. Airdoc Guangzhou mainly engages in the R&D and sales of our health risk assessment solutions.

Shanghai Zhongyou

Shanghai Zhongyou was established in the PRC on July 25, 2017 with a registered capital of RMB5,000,000. At the time of its establishment, Shanghai Zhongyou was owned as to 100% by our Company. Shanghai Zhongyou mainly engages in R&D and sales of our health risk assessment solutions.

Guowei Jian'an

Guowei Jian'an was established in the PRC on January 23, 2018 with a registered capital of RMB1,000,000. At the time of its establishment, Guowei Jian'an was owned as to 51% by our Company, 20% by Airdoc Shanghai, and 29% by Beijing Guowei Yijian Information Technology Co., Ltd.* (北京國衛易健信息科技有限公司), an Independent Third Party. Guowei Jian'an mainly engages in R&D and sales of our health risk assessment solutions.

Shenzhen Zhongyou

Shenzhen Zhongyou was established in the PRC on July 9, 2021 with a registered capital of RMB100,000. Shenzhen Zhongyou has been wholly owned by our Company since its establishment. Shenzhen Zhongyou mainly engages in R&D and sales of our health risk assessment solutions.

Airdoc Beijing

Airdoc Beijing was established in the PRC on August 30, 2018 with a registered capital of RMB1,000,000. At the time of its establishment, Airdoc Beijing was owned as to 51% by Airdoc Shanghai and as to 49% by Guangzhou Huilan Investment Consulting Co., Ltd.* (廣州市惠瀾投資諮詢有限公司)), an Independent Third Party. After a series of share transfers, as of the Latest Practicable Date, Airdoc Beijing was owned as to 100% by Airdoc Shanghai. Airdoc Beijing mainly engages in the R&D, production and sales of health risk assessment solutions and hardware devices.

Airdoc HK

Airdoc HK was incorporated in Hong Kong on February 26, 2020 with an issued share capital of US$2,000,000. Airdoc HK has been wholly owned by our Company since its incorporation. Airdoc HK mainly engages in the sales of our health risk assessment solutions.

Airdoc Intelligence

Airdoc Intelligence was established in the PRC on October 14, 2021 with a registered capital of RMB10,000,000. Airdoc Intelligence has been wholly owned by our Company since its establishment. Airdoc Intelligence mainly engages in the R&D, production and sales of our SaMDs for diagnosis and detection, health risk assessment solutions and hardware devices.

For share capital changes of our subsidiaries, see "Appendix VI — Statutory and General Information — A. Further Information about Our Group — 3. Changes in Share Capital of Our Subsidiaries."

CAPITALIZATION

The table below is a summary of the capitalization of our Company as of the date of this prospectus, unless otherwise indicated[1].

	Pre-Series A Financing	Series A Financing	Series B Financing	Series B+ Financing	Series C Financing[2]	Series C+ Financing	Series D Financing[3]	Shares held as of the date of this prospectus	Ownership percentage as of the date of this prospectus	Shareholding percentage upon completion of the Global Offering[4]
	(RMB)	*(RMB)*	*(RMB)*	*(RMB)*	*(RMB)*	*(Shares)*	*(Shares)*	*(Shares)*		
Our Founder and Co-Founders										
Mr. Zhang[5]	5,059,236	3,876,000	3,876,000	3,720,833	3,681,133	3,681,132	17,248,854	17,248,854	21.22%	16.65%
Mr. Chen[5]	—	—	—	417,208	408,208	408,208	1,912,760	1,912,760	2.35%	1.85%
Mr. Gao[5]	—	—	—	197,520	188,520	188,520	883,357	883,357	1.09%	0.85%
Pre IPO-Investors										
Jiuhe Yunteng	760,000	886,667	620,667	620,667	620,667	620,667	2,908,289	2,908,289	3.58%	2.81%
Zhilang Guangcheng	760,000	760,000	671,333	671,333	671,333	671,333	3,145,697	3,145,697	3.87%	3.04%
Zhilang Fengcheng	—	126,667	126,667	126,667	126,667	126,667	593,530	593,530	0.73%	0.57%
Yadong Beichen[6]	—	—	2,216,670	2,192,286	2,192,286	2,192,287	10,272,503	10,272,503	12.64%	9.92%
Ping An Healthtech	—	—	—	1,530,116	1,530,116	1,530,116	7,169,737	7,169,737	8.82%	6.92%
Kaiyan Mingzhi[7]	—	—	—	615,741	493,309	493,309	2,311,521	2,311,521	2.84%	2.23%
CITIC Investment	—	—	—	307,870	307,870	307,871	1,442,606	1,442,606	1.77%	1.39%
Ruizhixin[7]	—	—	—	307,870	307,870	307,871	1,442,606	1,442,606	1.77%	1.39%
Xingbangyu[6]	—	—	—	24,383	24,383	24,383	114,253	114,253	0.14%	0.11%
Shiji Sisu[8]	—	—	—	—	1,268,250	1,268,250	5,942,699	5,942,699	7.31%	5.74%
Chanyan Zhongxiang	—	—	—	—	494,012	494,012	2,314,816	2,314,816	2.85%	2.24%
CITIC Venture Capital[9]	—	—	—	—	307,870	307,871	1,442,606	1,442,606	1.77%	1.39%
Xinyu Hangneng	—	—	—	—	247,006	247,006	1,157,408	1,157,408	1.42%	1.12%
Guoke Kaiyan[7]	—	—	—	—	160,432	160,432	751,744	751,744	0.92%	0.73%
Morong Investment[10]	—	—	—	—	148,733	148,733	696,925	696,925	0.86%	0.67%
Tianjin Xishan[11]	—	—	—	—	125,080	125,080	586,093	586,093	0.72%	0.57%
Nengjun Chuangye[10]	—	—	—	—	110,173	110,173	516,243	516,243	0.63%	0.50%
Everbright Healthcare	—	—	—	—	98,802	98,802	462,961	462,961	0.57%	0.45%
Fuhoinnovation[10]	—	—	—	—	95,760	95,760	763,014	763,014	0.94%	0.74%
Sansheng Guojian	—	—	—	—	49,401	49,401	231,481	231,481	0.28%	0.22%
Haiyin Qianshao	—	—	—	—	24,701	24,701	115,743	115,743	0.14%	0.11%
Fanghua Investment	—	—	—	—	—	197,605	925,927	925,927	1.14%	0.89%
Aranya Holding	—	—	—	—	—	98,802	462,961	462,961	0.57%	0.45%
LBC Sunshine	—	—	—	—	—	—	1,571,536	1,571,536	1.94%	1.52%
LAV ImmOn	—	—	—	—	—	—	1,571,536	1,571,536	1.94%	1.52%
OrbiMed New Horizons[12]	—	—	—	—	—	—	314,307	314,307	0.39%	0.30%
OrbiMed Genesis[12]	—	—	—	—	—	—	209,539	209,539	0.26%	0.20%
Other investors										
Yang Peng	640,764	—	—	—	—	—	—	—	—	—
Hu Dianwei	152,000	152,000	—	—	—	—	—	—	—	—
Xu Hui [11]	228,000	228,000	125,080	125,080	—	—	—	—	—	—
Sogou Information [8]	—	1,013,333	1,268,250	1,268,250	—	—	—	—	—	—
Kanghe Huizhi [10]	—	—	354,667	354,667	—	—	—	—	—	—
Yuebo Investment [9]	—	—	—	307,870	—	—	—	—	—	—
Employee incentive platforms										
Airdoc Universe[5]	—	1,824,000	1,824,000	1,142,771	1,137,771	1,137,771	5,331,308	5,331,308	6.56%	5.15%
Suqian Airdoc	—	—	—	—	889,221	889,221	4,166,665	4,166,665	5.12%	4.02%
Suqian Zhongyou	—	—	—	—	—	—	2,319,588	2,319,588	2.85%	2.24%
Global Offering investors	—	—	—	—	—	—	—	—	—	21.50%
Total	**7,600,000**	**8,866,667**	**11,083,334**	**13,931,134**	**15,709,577**	**16,005,984**	**81,300,813**	**81,300,813**	**100%**	**100%**

Notes:

(1) The percentage figures included in this table have been subject to rounding adjustments. Therefore, figure shown as total may not be an arithmetic aggregation of the figures above.

(2) Our Company was converted into a joint stock company in December 2020 and our share capital became RMB15,709,577 divided into 15,709,577 Shares. For details, see " — Corporate History — Establishment and Major Shareholding Changes of Our Company — 6. Conversion into a Joint Stock Company."

(3) Upon completion of the Capitalization Issue and before the Series D Financing, the total issued Shares of our Company increased from 16,005,984 Shares to 75,000,000 Shares. For details, see "— Corporate History — Establishment and Major Shareholding Changes of Our Company — 8. Capitalization Issue in December 2020."

(4) Assuming the Over-allotment Option is not exercised.

(5) Pursuant to the Concert Party Agreement dated October 14, 2016, Mr. Zhang, Mr. Chen and Mr. Gao are acting in concert with each other and are deemed to be jointly interested in the aggregate number of Shares held by each other and their respective associates under SFO. Save as disclosed herein, to the best knowledge of our Company, none of the Shareholders are acting in concert with each other.

(6) Xingbangyu conferred the voting rights attaching to the Shares held by it upon Yadong Beichen since November 2018.

(7) Kaiyan Mingzhi, Guoke Kaiyan and Ruizhixin are under common control of an individual, who is an Independent Third Party.

(8) Sogou Information transferred its registered capital in our Company to Shiji Sisu, a wholly owned subsidiary of Sogou Information, and Sogou Information ceased to be a direct holder of our equity interest during the Series C Financing.

(9) Yuebo Investment transferred its registered capital in our Company to CITIC Venture Capital, its affiliated fund, and ceased to be a holder of equity interest during the Series C Financing.

(10) Kanghe Huizhi transferred its registered capital in our Company to Nengjun Chuangye, Morong Investment and its affiliate, Fuhoinnovation, and ceased to be a holder of our equity interest during the Series C Financing.

(11) Xu Hui transferred his registered capital in our Company to Tianjin Xishan, of which he is a general partner, and he ceased to be a direct holder of our equity interest during the Series C Financing.

(12) OrbiMed New Horizons and OrbiMed Genesis are managed by and under common control of OrbiMed Advisors LLC, which is an Independent Third Party.

PRE-IPO INVESTMENTS

Principal Terms of the Pre-IPO Investments

	Pre-Series A Financing	Series A Financing	Series B Financing	Series B+ Financing	Series C Financing	Series C+ Financing	Series D Financing
Date of investment	November 17, 2015	October 10, 2016	February 22, 2018 and April 10, 2018	November 30, 2018, November 1, 2019 and December 20, 2019	October 23, 2020 and November 20, 2020	December 29, 2020	April 30, 2021
Date of settlement	November 18, 2015	October 27, 2016	April 10, 2018	September 18, 2020	January 4, 2021	December 29, 2020	May 21, 2021
Cost per Share (approximation)(1)	RMB0.84	RMB4.21	RMB9.63	RMB13.86	RMB43.20	RMB43.20	RMB61.37 per Share (US$9.54 per Share)
Amount of registered capital/Shares subscribed (approximation)	RMB1,900,000	RMB1,266,667	RMB2,216,667	RMB2,847,801	RMB889,221	296,407 Shares	3,981,225 Shares
Funds raised by our Group (approximation)	RMB7.5 million	RMB25 million	RMB100 million	RMB185 million	RMB180 million	RMB60 million	RMB244 million (US$38 million)
Corresponding valuation of our Company (approximation)(2)(3)	RMB30 million	RMB175 million	RMB500 million	RMB905 million	RMB3,180 million	RMB3,240 million	RMB4,955 million
Discount to the mid-point of the indicative Offer Price range(3)	99.4%	96.7%	90.5%	82.8%	39.5%	38.3%	5.7%
Use of proceeds	We utilized the proceeds to finance our research and development activities and fund our daily operations. As of the Latest Practicable Date, the proceeds from the Pre-Series A Financing, Series A Financing, Series B Financing, Series B+ Financing, Series C Financing and Series C+ Financing were fully utilized. As of the same date, we had utilized 19.26% of the proceeds from the Series D Financing.						

	Pre-Series A Financing	Series A Financing	Series B Financing	Series B+ Financing	Series C Financing	Series C+ Financing	Series D Financing
Lock-up period	Pursuant to the applicable PRC law, within the 12 months following the Listing Date, all existing Shareholders (including the Pre-IPO Investors) could not dispose of any of the Shares held by them.						
Strategic benefits	At the time of the Pre-IPO Investments, our Directors were of the view that (i) our Company would benefit from the additional capital provided by the Pre-IPO Investors and their knowledge and experience; and (ii) the Pre-IPO Investments demonstrated the Pre-IPO Investors' confidence in the operation and development of our Group. Leveraging the resources provided by the Pre-IPO Investors, we are able to bring in new business opportunities. For example, our cooperation with Ping An group after the Series B+ Financing provided our Group with the opportunities to promote our health risk assessment products to the insurance industry. Ping An group provided our Company with trial scenarios for products adapting to the insurance industry.						

Notes:

(1) As adjusted to reflect subsequent capital injections, share conversions and the Capitalization Issue, as applicable.

(2) The considerations of Pre-IPO investments were determined based on arm's length negotiations between the relevant parties primarily taking into consideration the status and continuous development of our business and product portfolio, including but not limited to progress in the R&D of our product candidates, commercialization and expansion, and achievements in our operational and financial performance, in particular, (a) the completion of our preliminary exploration on retinal imaging solutions and becoming a partner of the National Health and Family Planning Commission Medical Networking at Primary Level (國家衛生和計劃生育委員會基層醫聯網) during the stage of Series A Financing, (b) the successful commercial launch of our health risk assessment solutions and the entering into strategic cooperation with iKang during the stage of Series B Financing, (c) the continuous expansion of our sales channels, including entering into partnership with Nova Vision in June 2018, and the commencement of the development of our proprietary hardware devices during the stage of Series B+ Financing, (d) the regulatory approvals granted to our products, including the Class III medical device registration certificate for Airdoc-AIFUNDUS (1.0) obtained from NMPA in August 2020 and the Class II medical device registration certificate for glaucoma detection SaMD obtained from the Shanghai branch of the NMPA in June 2020 during the stage of Series C Financing and Series C+ Financing, and (e) increased revenues generated from our health risk assessment solutions, R&D advancements of our product pipelines and the Class II medical device registration certificate for AI-FUNDUSCAMERA-P in March 2021 during the stage of Series D Financing.

(3) Our anticipated market capitalization immediately upon completion of the Global Offering has primarily taken into account the continuous development and milestones of our business and product portfolio, including, among others, (a) the expansion of the commercialization network and continuous penetration of Airdoc-AIFUNDUS (1.0) in various medical institutions such as hospitals and health check-up centers since it first started revenue generation in March 2021, (b) the regulatory submission of Class II medical device registration certificate application for our cataracts detection SaMD in April 2021, (c) the commencement of large-scale commercial production of our AIFUNDUSCAMERA-P in April 2021, and (d) the increased sales generated from our health risk assessment solutions, supported by our enlarging customer base and enhanced cooperation with our customers.

(4) The discount to the Offer Price is calculated based on the foreign exchange rate as of the Latest Practicable Date and the assumption that the Offer Price is HK$78.2 per H Share (being the mid-point of the indicative Offer Price range).

Information Relating to Our Pre-IPO Investors

Our Pre-IPO Investors include certain Sophisticated Investors, such as dedicated healthcare funds and biotech funds and major healthcare companies. To the best of the Company's knowledge, information and belief and having made all reasonable enquiries, all the Pre-IPO Investors are Independent Third Parties. The background information of our Pre-IPO Investors who remained as a Shareholder of our Company as of the Latest Practicable Date is set out below.

Pre-IPO Investor	Background
Jiuhe Yunteng	Jiuhe Yunteng is a limited partnership established in the PRC and primarily focuses on investment opportunities in technology. As of the Latest Practicable Date, the general partner of Jiuhe Yunteng was Jiuhe Mobao Investment Management (Beijing) Co., Ltd.* (九合摩寶投資管理(北京)有限公司), which was ultimately controlled by Wang Xiao (王嘯).
Zhilang Guangcheng and Zhilang Fengcheng	Zhilang Guangcheng is a limited partnership established in the PRC and primarily focuses on investment opportunities in technological innovation. As of the Latest Practicable Date, the general partner of Zhilang Guangcheng was Suzhou Zhilang Investment Management Enterprise (Limited Partnership)* (蘇州智朗投資管理企業(有限合夥)) ("**Zhilang Investment**"). The general partner of Zhilang Investment was Xia Jianbo (夏建波). Zhilang Fengcheng is a limited partnership established in the PRC and primarily focuses on investment opportunities in technological innovation. As of the Latest Practicable Date, the general partner of Zhilang Fengcheng was Zhilang Investment.

Pre-IPO Investor	Background
Tianjin Xishan	Tianjin Xishan is a limited partnership established in the PRC. As of the Latest Practicable Date, the general partner of Tianjin Xishan was Mr. Xu Hui.
Yadong Beichen	Yadong Beichen, a Sophisticated Investor, is a company established in the PRC with limited liability and primarily focuses on investment opportunities in telecommunications, media, information technology, healthcare and other fields. As of the Latest Practicable Date, Yadong Beichen was held as to 64.1153% by Shanghai Ruikun Venture Capital Investment Co., Ltd* (上海銳坤創業投資有限公司) and 35.8847% by Shanghai Fosun Industrial Investment Co., Ltd.* (上海復星產業投資有限公司), both of which were ultimately controlled by Fosun International Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 0656).
Xingbangyu	Xingbangyu, is a limited partnership established in the PRC. As of the Latest Practicable Date, the general partner of Xingbangyu was Shanghai Fugeng Enterprise Management Co., Ltd.* (上海復耕企業管理有限公司), which was ultimately controlled by Tang Yan (唐艷).
Shiji Sisu	Shiji Sisu is a company established in the PRC with limited liability. As of the Latest Practicable Date, Shiji Sisu was held as to 100% by Sogou Information, which was ultimately controlled by Tencent Holdings Limited, a company whose shares are listed on the Stock Exchange (stock code: 700).
Fuhoinnovation	Fuhoinnovation is a limited partnership established in the PRC. As of the Latest Practicable Date, the general partner of Fuhoinnovation was Mr. Zeng Jun (曾軍).
Nengjun Chuangye	Nengjun Chuangye is a limited partnership established in the PRC and primarily focuses on investment opportunities in companies with mature technology and products in medical, automation, new energy and other fields. As of the Latest Practicable Date, the general partner of Nengjun Chuangye was Liu Zhirui (劉芷瑞).
Morong Investment	Morong Investment is a limited partnership established in the PRC. As of the Latest Practicable Date, the general partner of Morong Investment was Zhu Yinzi (朱音子).
CITIC Investment	CITIC Investment, a Sophisticated Investor, is a company established in the PRC with limited liability and primarily focuses on investment opportunities in healthcare, modern service, new materials, industrial products, information technology and intelligent manufacture. As of the Latest Practicable Date, CITIC Investment was held as to 100% by CITIC Securities Company Limited (中信証券股份有限公司), a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600030) and the Stock Exchange (stock code: 6030).
CITIC Venture Capital	CITIC Venture Capital is a limited partnership established in the PRC and primarily focuses on investment opportunities in intelligent manufacturing, new generation of information technology and healthcare. As of the Latest Practicable Date, the general partner of CITIC Venture Capital was CITIC (Shenzhen) Innovation Equity Investment Management Co., Ltd.* (中信(深圳)創新股權投資管理有限公司), which was ultimately controlled by Zhao Yan (趙彥).
Kaiyan Mingzhi, Ruizhixin and Guoke Kaiyan	Kaiyan Mingzhi is a limited partnership established in the PRC. As of the Latest Practicable Date, the general partner of Kaiyan Mingzhi was Shenzhen Heyan Investment Co., Ltd.* (深圳合研投資有限責任公司), which was ultimately controlled by Fan Xun (范珣). Ruizhixin is a company established in the PRC with limited liability and primarily focuses on investment opportunities in intelligent industry, healthcare and fixed income in capital markets. As of the Latest Practicable Date, Ruizhixin was held as to 99.9% by Guoke Kaiyan (Shenzhen) Intelligent Technology Investment L.P. (Limited Partnership)* (國科開研(深圳)智能科技投資合夥企業(有限合夥)), and 0.1% by Shenzhen Chizhen Technology Co., Ltd.* (深圳赤真科技有限公司), and was ultimately controlled by Fan Xun. Guoke Kaiyan is a limited partnership established in the PRC. As of the Latest Practicable Date, the general partner of Guoke Kaiyan was Shenzhen Kaiyan Investment Co., Ltd.* (深圳開研投資有限公司), which was ultimately controlled by Fan Xun.

Pre-IPO Investor	Background
Ping An Healthtech	Ping An Healthtech, a Sophisticated Investor, is a company established in the PRC with limited liability focusing primarily on R&D, technology consulting and related services in healthcare industry. As of the Latest Practicable Date, Ping An Healthtech was held as to 100% by Ping'an Technology (Shenzhen) Co., Ltd. (平安科技(深圳)有限公司), which was ultimately controlled by Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司), a company whose shares are listed on the Stock Exchange (stock code: 2318) and Shanghai Stock Exchange (stock code: 601318).
Chanyan Zhongxiang	Chanyan Zhongxiang is a limited partnership established in the PRC and primarily focuses on investment opportunities in information technology and medical health. As of the Latest Practicable Date, the general partner of Chanyan Zhongxiang was Beijing Zhongxiang Yunda Investment Management Co., Ltd.* (北京中翔運達投資管理有限公司), which was ultimately controlled by Yang Huisheng (楊煇生).
Xinyu Hangneng	Xinyu Hangneng is a limited partnership established in the PRC. As of the Latest Practicable Date, the general partner of Xinyu Hangneng was Shenzhen Putai Investment Development Co., Ltd.* (深圳市普泰投資發展有限公司), which was ultimately controlled by the State-owned Assets Supervision and Administration Commission of the State Council.
Everbright Healthcare	Everbright Healthcare is a company established in the PRC with limited liability and primarily focuses on investment opportunities in healthcare industry. As of the Latest Practicable Date, Everbright Healthcare was held as to 100% by China Everbright Group Company Limited (中國光大集團股份公司), which was ultimately controlled by the State Council.
Sansheng Guojian	Sansheng Guojian, whose shares are listed for trading on the Shanghai Stock Exchange Science and Technology Innovation Board (stock code: 688336), is one of the first batch of Chinese innovative biopharmaceutical enterprises focusing on antibody drugs with independent capabilities in research and development, manufacturing and commercialization. As of the Latest Practicable Date, Sansheng Guojian was controlled by Full Gain Pharmaceutical Limited (富健藥業有限公司), Shanghai Xingsheng Pharmaceutical Co., Ltd. (上海興生藥業有限公司), Shenyang Sunshine Pharmaceutical Co. Ltd. (瀋陽三生製藥有限責任公司), all of which were ultimately controlled by Lou Jing.
Haiyin Qianshao	Haiyin Qianshao is a limited partnership established in the PRC and primarily focuses on investment opportunities in leading domestic technological innovation enterprises. As of the Latest Practicable Date, the general partner of Haiyin Qianshao was Tianjin Haifeng Yinhua Investment Management Partnership (Limited Partnership)* (天津海豐銀華投資管理合夥企業(有限合夥)), which was ultimately controlled by its general partner, Li Dongping (李東平).
Fanghua Investment	Fanghua Investment is a limited partnership established in the PRC. As of the Latest Practicable Date, the general partner of Fanghua Investment was Ningbo Meishan Baoshuigang District Fangsheng Boyue Investment Management Center (Limited Partnership)* (寧波梅山保稅港區芳晟博越投資管理中心(有限合夥)), which was ultimately controlled by Zhao Jing (趙靖). Fanghua Investment is a RMB fund of Fang Fund Partners (芳晟股權投資基金), which primarily focuses on investments in emerging technology fields such as biotechnology and artificial intelligence.
Aranya Holding	Aranya Holding is a company established in the PRC with limited liability and primarily focuses on investment in various industries. As of the Latest Practicable Date, Aranya Holding was held by Li Huaixin (李懷新), Yu Hong (于宏) and Ma Yin (馬寅).
LBC Sunshine	LBC Sunshine is an exempted limited partnership registered in the Cayman Islands. LBC Sunshine specializes in investing in late-stage healthcare companies in Asia/greater China and is managed by Lake Bleu Capital (Hong Kong) Limited. The investment scope of LBC Sunshine includes pharmaceuticals, biotech, medical devices, and healthcare services. LBC GP II Limited, an exempted company incorporated in the Cayman Islands, acts as the general partner of LBC Sunshine. Lake Bleu Capital (Hong Kong) Limited had over US$2 billion of assets under management as of March 31, 2021 and invested in biotech and healthcare sectors including, among others, JD Health International Inc. (stock code: 6618), New Horizon Health Limited (stock code: 6606), MicroPort Cardioflow Medtech Corporation (stock code: 2160), RemeGen Co., Ltd. (stock code: 9995), Hygeia Healthcare Holdings Co., Limited (stock code: 6078), Kangji Medical Holdings Limited (stock code: 9997), Hansoh Pharmaceutical Group Company Limited (stock code: 3692), Jinxin Fertility Group Limited (stock code: 1951), Akeso, Inc. (stock code: 9926) and Pharmaron Beijing Co., Ltd. (stock code: 3759.HK; 300759.SZ).

Pre-IPO Investor	Background
LAV ImmOn	LAV ImmOn is a company incorporated in Hong Kong with limited liability and primarily focuses on investment opportunities in biomedical and healthcare industry. As of the Latest Practicable Date, LAV ImmOn Hong Kong Limited (禮安宜申有限公司) was owned by LAV Fund VI, L.P. and LAV Fund VI Opportunities, L.P. (the "**Fund VI**"), an investment arm of Lilly Asia Ventures (the "**LAV**"). LAV has invested in over one hundred portfolios covering all major sectors of the biomedical and healthcare industry including biopharmaceuticals, medical devices, diagnostics and healthcare services, examples including CanSino Biologics Inc. (stock code: 6185), Innovent Biologics, Inc. (stock code: 1801), RemeGen Co., Ltd. (stock code: 9995), New Horizon Health Limited (stock code: 6606), Jacobio Pharmaceuticals Group Co., Ltd. (stock code: 1167) and Terns Pharmaceuticals Inc. (NASDAQ: TERN).
OrbiMed New Horizons and OrbiMed Genesis	OrbiMed New Horizons and OrbiMed Genesis are each an exempted limited partnership established under the laws of Cayman Islands with OrbiMed Advisors LLC acting as the investment manager. OrbiMed Advisors LLC exercises voting and investment power through a management committee comprised of Carl L. Gordon, Sven H. Borho, and W. Carter Neild. OrbiMed invests globally in the healthcare sector with investments ranging from early stage private companies to large multinational corporations.

Special Rights of the Pre-IPO Investors

Pursuant to the Pre-IPO Investment agreements, the Pre-IPO Investors were granted certain special rights, including but not limited to the information right, pre-emptive right, director nomination right, veto right for certain corporate actions and anti-dilution right. All the special rights have been or will be terminated immediately upon the Listing in accordance with the Guidance Letter HKEX-GL43-12 issued in October 2012 and updated in July 2013 and March 2017.

Public Float

The Domestic Shares held by Mr. Zhang, Mr. Chen, Mr. Gao, Airdoc Universe, Suqian Airdoc, Suqian Zhongyou, Yadong Beichen, Ping An Healthtech, Shiji Sisu, Zhilang Guangcheng, Jiuhe Yuteng, Chanyan Zhongxiang, Kaiyan Mingzhi, CITIC Investment, Xinyu Hangneng, Guoke Kaiyan, Morong Investment, Zhilang Fengcheng, Tianjin Xishan, Nengjun Chuangye, Everbright Healthcare, Fuhoinnovation, Sansheng Guojian, Haiyin Qianshao, Xingbangyu, Fanghua Investment, Aranya Holding will not be considered as part of the public float as the Shares held by the aforesaid Shareholders are Domestic Shares which will not be converted into H Shares or listed following the completion of the Global Offering.

The 1,571,536, 1,571,536, 314,307 and 209,539 Unlisted Foreign Shares respectively held by LBC Sunshine, LAV ImmOn, OrbiMed New Horizons and OrbiMed Genesis will be converted into H Shares and listed upon completion of the Global Offering. As each of LBC Sunshine, LAV ImmOn, OrbiMed New Horizons and OrbiMed Genesis will not be a core connected person of our Company upon the Listing, the H Shares held by them will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after the Listing.

Assuming the Offer Shares are allotted and issued to public Shareholders, 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 of the Listing Rules.

Compliance with Interim Guidance and Guidance Letters

The Joint Sponsors confirm that the Pre-IPO Investments are in compliance with the Interim Guidance on Pre-IPO Investments (HKEx-GL29-12) issued on January 2012 and updated in March 2017 by the Stock Exchange and the Guidance on Pre-IPO Investments (HKEx-GL43-12) issued on October 2012 and updated in July 2013 and in March 2017 by the Stock Exchange.

ACQUISITIONS, MERGERS AND DISPOSALS

Throughout the Track Record Period and as of the Latest Practicable Date, we did not conduct any major acquisitions, mergers or disposals.

GUIDANCE RECEIVED FOR POTENTIAL A-SHARE LISTING

To explore the opportunity of establishing a capital market platform in the A-share market in the PRC, in January 2021, we entered into a guidance agreement (the "**Guidance Agreement**") with a qualified sponsor to receive its guidance on A-share listing in the PRC.

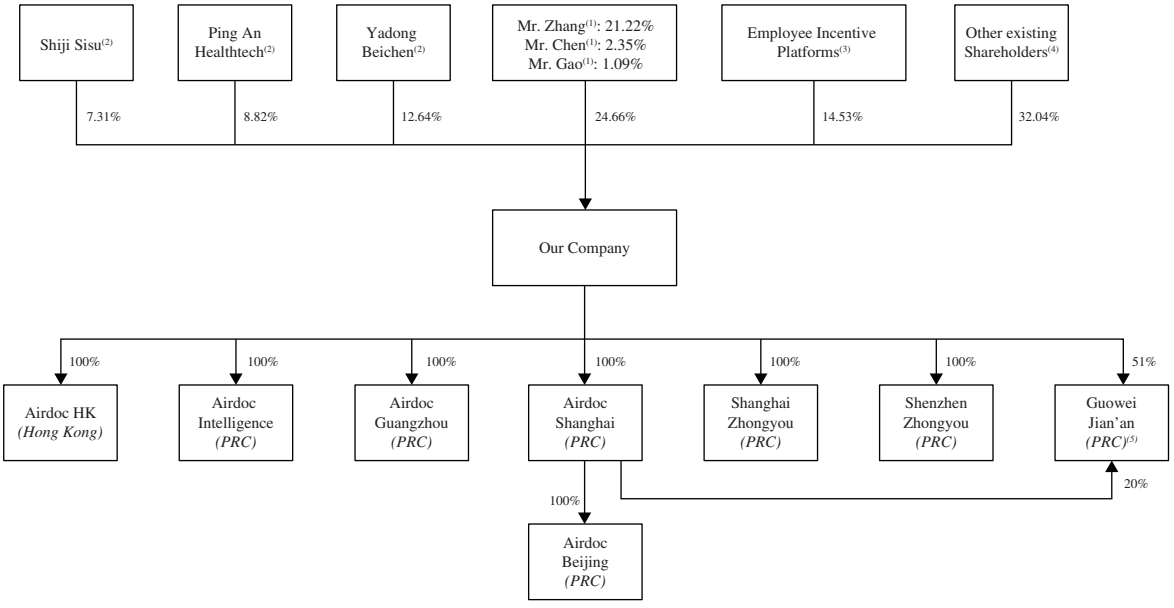
In view of the development of our business and our strategic adjustments, we decided to explore overseas financing opportunities by pursuing a listing on the Stock Exchange, taking into account, among others, the market recognition and the diversified fund raising tools and opportunities provided by the Hong Kong capital market. As such, the Guidance Agreement was terminated by the parties in May 2021. Since the execution of the Guidance Agreement and up to the Latest Practicable Date, we had not submitted any A-share listing application to the CSRC and had not received any comments or inquiries by the CSRC (including its local offices), and we were not aware of any material adverse finding about our Group by the sponsor providing the guidance.

To the best of our Directors' knowledge and belief, there were no matters relating to the guidance mentioned above that might potentially affect the suitability of our Group to be listed on the Stock Exchange.

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Immediately Prior to the Global Offering

Our corporate and shareholding structure immediately prior to the completion of the Global Offering is as follows:



Notes:

(1) As of the Latest Practicable Date, Mr. Zhang, Mr. Chen and Mr. Gao were collectively interested in approximately 31.22% of the total issued Shares of the Company (including the 6.56% of Shares held by Airdoc Universe, of which Mr. Zhang is the general partner) through the Concert Party Agreement. For further details, see "Relationship with Our Single Largest Group of Shareholders."

(2) Each of Yadong Beichen, Shiji Sisu and Ping An Healthtech is a Pre-IPO Investor. For further details of our Pre-IPO Investors, see "— Pre-IPO Investments."

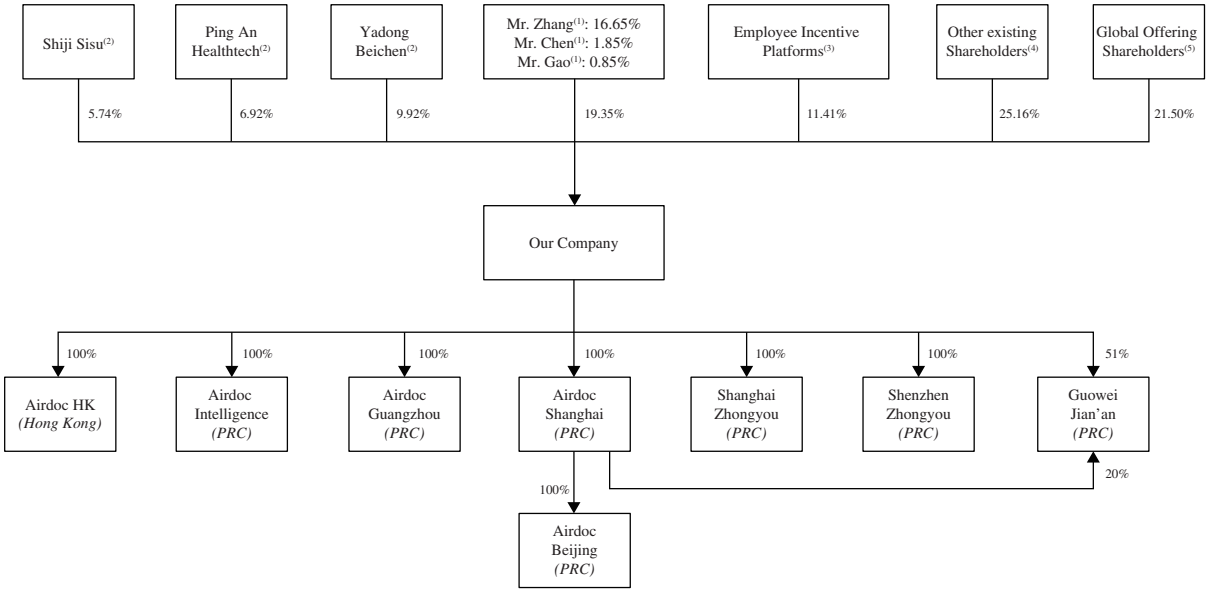
(3) Each of Airdoc Universe, Suqian Airdoc and Suqian Zhongyou is an incentive platform of our Company, and are respectively interested in approximately 6.56%, 5.12% and 2.85% of the total issued Shares of the Company as of the Latest Practicable Date. For further details, see "— Employee Incentive Platforms."

(4) As of the Latest Practicable Date, 24 other Shareholders each held less than 5% shareholding of our Company. For further details, see "— Capitalization."

(5) As of the Latest Practicable Date, Guowei Jian'an was owned as to 51% by our Company, 20% by Airdoc Shanghai and 29% by Beijing Guowei Yijian Information Technology Co., Ltd.* (北京國衛易健信息科技有限公司), an Independent Third Party.

Immediately Following the Global Offering

The following chart sets forth our corporate and shareholding structure upon the completion of the Global Offering, assuming the Over-allotment Option is not exercised:



Note:

(1) Immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised), Mr. Zhang, Mr. Chen and Mr. Gao will be collectively interested in approximately 24.50% of the total issued Shares of the Company (including the 5.15% of Shares held by Airdoc Universe, of which Mr. Zhang is the general partner) through the Concert Party Agreement. For further details, see "Relationship with Our Single Largest Group of Shareholders."

(2) to (3) For details of these Shareholders and their shareholding percentage immediately following completion of the Global Offering (assuming the Overallotment Option is not exercised), please see the notes in "— Our Shareholding and Corporate Structure — Immediately Prior to the Global Offering" and "— Capitalization."

(4) Without taking into account the subscription of Offer Shares by the existing Shareholders or their close associates as cornerstone investors. For details, see "— Cornerstone Investors."

(5) Taking into account the subscription of Offer Shares by (a) Lake Bleu Prime Healthcare Master Fund Limited, (b) LAV Star Limited and LAV Star Opportunities Limited, and (c) OrbiMed New Horizons and OrbiMed Genesis, each as either an existing Shareholder or their close associate. For details, see "— Cornerstone Investors."

OVERVIEW

Founded in 2015, we are one of the first to provide AI-empowered retina-based early detection, diagnosis and health risk assessment solutions in China, according to Frost & Sullivan. Leveraging retinal imaging, multimodal data analyses and AI deep learning algorithms, our solutions differ from traditional chronic disease early detection and diagnosis, enabling non-invasive, accurate, fast, effective and scalable detection and diagnosis of chronic diseases in both medical institutions and consumer healthcare providers. We have three versions of Airdoc-AIFUNDUS, our in-house developed Core Product, in our portfolio. Our Airdoc-AIFUNDUS (1.0), an AI-based Software as a Medical Device ("**SaMD**") approved for auxiliary diagnosis of diabetic retinopathy to assist physicians with medical diagnosis, was the first of its kind to obtain the Class III medical device certificate from the NMPA, enabling it to be used in hospitals in China to assist physicians with medical diagnoses. We have started commercialization of Airdoc-AIFUNDUS (1.0) for a short period of time and began to generate revenue from our Airdoc-AIFUNDUS (1.0) since the first quarter of 2021. Airdoc-AIFUNDUS (2.0) is designed for the auxiliary diagnosis of hypertensive retinopathy, retinal vein occlusion and AMD. Airdoc-AIFUNDUS (3.0) is designed for the auxiliary diagnosis of pathological myopia and retinal detachment. In addition, we have a pipeline of seven other in-house developed SaMDs, covering glaucoma, cataracts, ICVD and ASCVD, gestational diabetic retinopathy, gestational hypertensive retinopathy, papilledema intracranial hypertension retinopathy and anemia, and health risk assessment solutions to address various healthcare needs, including hospitals, community clinics, health checkup centers, insurance companies, optometry centers and pharmacies.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR CORE PRODUCT, AIRDOC-AIFUNDUS, OR OUR OTHER PRODUCTS

China's AI-based medical imaging industry, which is expected to grow from RMB0.3 billion in 2020 to RMB92.3 billion in 2030 at a 76.7% CAGR from 2020 to 2030, is a nascent industry at a turning point for exponential growth. Driven by advancements in AI technology used in healthcare and favorable regulatory and policy changes, AI-based medical imaging is emerging as a solution to the rapidly rising demand for chronic disease management. Due to the aging population, chronic diseases, such as cardiovascular diseases and diabetes, have become the prevalent cause of death for people over 60 years old. Early detection and ongoing disease management are crucial to alleviate the burden of chronic diseases on patients, families and societies. However, the demand for such services has not been met due to the shortage of experienced physicians and the imbalanced allocation of medical resources. AI-based medical imaging analysis offers promising solutions to address these unmet healthcare demands effectively and efficiently. AI-based retinal imaging analysis, in particular, enables a non-invasive, accurate, fast, effective and scalable solution because the retina is the only part of the human body where blood vessels and nerve cells can be directly viewed in a non-invasive manner. AI-based retinal

imaging analysis is more widely applicable in both medical and consumer healthcare environments compared to other AI-based medical imaging solutions, which has brought the market for AI-based retinal imaging to the cusp of explosive growth.

We are an AI-based medical device company with an advanced platform of AI-empowered retina-based deep learning algorithms. Our capabilities span from research and development, registration to commercialization, proven by the launch of our proprietary Airdoc-AIFUNDUS (1.0). Leveraging our proprietary AI-based solutions, extensive real-world database, comprehensive software and hardware product offerings, multi-channel commercialization pathways and deep industry and regulatory understanding, we have developed and established high entry barriers as a first mover in the industry. As the AI-based medical imaging industry continues its rapid growth, we believe we are well-positioned to capture market opportunities and strengthen our leadership position with our product pipeline and technology platform.

- *Integrated software and hardware solutions.* We are one of the few in the industry that offer solutions that integrate hardware, software, algorithms and service together as one product. While our AI-based SaMDs are compatible with most fundus cameras on the market, we believe that our in-house developed hardware devices powered by on-device AI technologies provide an improved user experience, better algorithm optimization with our software by improving the accuracy and sensitivity, seamless end-to-end performance and cost-effectiveness that make us the solution-of-choice to customers.

- *In-house developed AI algorithms with broad applicability.* We have focused our resources on the development and optimization of AI algorithms, especially AI deep learning algorithms, since our inception. AI deep learning algorithms are the most advanced type of AI technology and are developed to perform intelligent tasks, such as, in our case, the early detection, diagnosis and risk assessment of chronic diseases. In the past six years of operations, we have accumulated deep expertise and have developed deep learning algorithms that are broadly applicable to detect and diagnose a wide range of chronic diseases. For example, our Airdoc-AIFUNDUS (1.0) demonstrated an industry-leading sensitivity of 91.75% and specificity of 93.1% in its multi-center clinical trial with 1,000 enrolled patients. Moreover, we are an industry pioneer of AI-empowered retina-based deep learning algorithms for applications, such as age prediction from retinal images and myopia progression detection, that has been previously untouched by AI.

- *Comprehensive and high-quality retinal image database.* We have accumulated a comprehensive, vast and diverse retinal image database. Our database includes real-world user retinal images with their corresponding multimodal data of approximately 3.7 million, labeled by experienced medical experts and processed according to disease and lesion. Our extensive database has served as a key entry barrier for competitors, given the extensive associated costs and increasingly stringent data protection standards. Our database widely covers ages, genders, demographics, diseases, commercial channels and medical device models and has served as the foundation for our continued development and optimization of our deep learning algorithms to accurately pinpoint conditions related to chronic diseases, as well as our continued development of new generations of SaMDs and solutions targeting new indications and for wider applications in various scenarios.

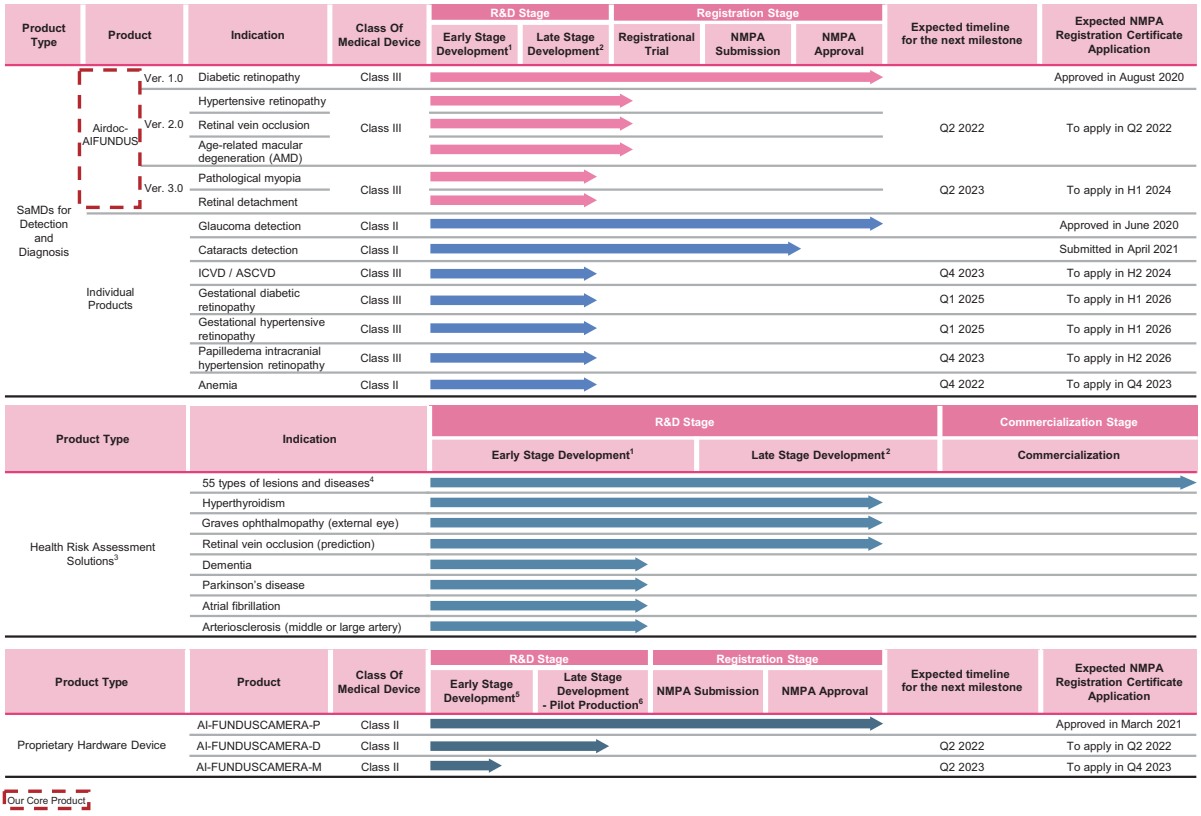
- *Strong R&D team with full spectrum expertise.* As of the Latest Practicable Date, our R&D team consisted of over 80 members, all of whom hold bachelor's or higher degrees. Our R&D team has deep experience in AI-technologies and medicine with a full spectrum of expertise across deep learning, medicine, computer vision, data analytics, Internet service, medical devices, biology and other disciplines. We have developed a robust IP portfolio covering key technologies for our software, hardware devices and algorithms, with 152 patents and patent applications in China and six published PCT applications, among which 22 patents and patent applications and two published PCT applications are related to our Core Product. We have over 20 papers published on prestigious peer-reviewed scientific journals, including the Lancet series, British Journal of Ophthalmology, British Journal of Dermatology, and presented at influential AI-focused academic conferences, such as MICCAI. Moreover, the high performance of our products have been featured in various prestigious peer-reviewed scientific journals, including the Nature series.

- *Close collaboration with KOLs and major hospitals.* We have established solid relationships with renowned KOLs and major hospitals in China, enabling Airdoc-AIFUNDUS (1.0) to gain broad acceptance in the medical institutions. In particular, we work closely with industry-leading medical departments in top hospitals nationwide, such as Zhongshan Ophthalmic Center of Sun Yat-Sen University (中山大學中山眼科中心), Beijing Tongren Hospital affiliated with the Capital Medical University (首都醫科大學附屬北京同仁醫院), the First Medical Center of China PLA General Hospital (解放軍總醫院第一醫學中心), Shanghai General Hospital (上海交通大學附屬第一人民醫院), Beijing Anzhen Hospital affiliated with the Capital Medical University (首都醫科大學附屬北京安貞醫院), Beijing Tsinghua Changgung Hospital affiliated with the Tsinghua University (清華大學附屬北京清華長庚醫院), Eye Hospital of Wenzhou Medical University (溫州醫科大學附屬眼視光醫院), and collaborate on key national R&D projects.

- *Multi-channel commercialization.* Our AI-based early detection, diagnosis and health risk assessment solutions are applicable and valuable in a wide range of healthcare environments, enabling us to commercialize and sell not only to clinical departments in hospitals, but also to other medical and consumer healthcare environments, including health checkup centers, community clinics, insurance companies, optometry centers and pharmacies. With these customers in mind, we have developed and optimized algorithms to address their needs and accommodate the unique features of their business with the support of our comprehensive database. Our ability to serve a wide customer base has also enriched our real-world user database, creating a feedback loop to further optimize existing algorithms and develop new algorithms.

- *Regulatory barrier.* By participating in the establishment of AI industry standards and national standards for AI-based SaMDs, including the draft of the first classification guideline for AI-based SaMDs in China, we have a deep understanding of regulatory requirements and a finger on the pulse of regulatory developments and changes. Leveraging our industry experiences and regulatory know-how, we implement a systematic research and development strategy, which we believe enables us to continue to design and develop products that meet the evolving national standards and regulatory requirements, as well as rapidly advance our candidates through the regulatory pathway. Our Airdoc-AIFUNDUS (1.0) was approved by the NMPA as an innovative medical device through a fast-tracked regulatory approval process.

Our AI-empowered retina-based early detection, diagnosis and health risk assessment solutions include SaMDs for detection and diagnosis, health risk assessment solutions and hardware devices. The following diagram sets forth key details of our portfolio as of the Latest Practicable Date:



1. Early stage development denotes the process of data collection, data labelling and model training
2. Late stage development denotes the process of data supplementation, algorithm training iteration and algorithm validation
3. No regulatory approval or registration is required for the sale of our health risk assessment solutions in consumer healthcare environments
4. During the Track Record Period, we offer health risk assessment solutions with the ability to detect risk indicators, including risk assessments of retinal abnormalities, retinal vascular diseases, vitreous abnormalities, retinal tumors, optic nerve pathologies, macular diseases, congenital anomalies of the retina, cardiovascular disease and anemia
5. Early stage development denotes the process of product planning, product definition, engineering verification and design verification
6. Pilot production denotes the process of production verification

SaMDs for detection and diagnosis. Our Airdoc-AIFUNDUS (1.0) is a SaMD for auxiliary diagnosis of diabetic retinopathy approved by the NMPA as a Class III medical device. We are developing Airdoc-AIFUNDUS versions (2.0) and (3.0) to expand the indications to cover hypertensive retinopathy, retinal vein occlusion, age-related macular degeneration ("**AMD**"),

pathological myopia and retinal detachment. Separately, we have developed and are developing other SaMDs for glaucoma, cataracts, ICVD and ASCVD, gestational diabetic retinopathy, gestational hypertensive retinopathy, papilledema intracranial hypertension retinopathy and anemia.

Health risk assessment solutions. We offer health risk assessment solutions with the ability to detect risk indicators. We have marketed our health risk assessment solutions to a wide range of healthcare environments. We also plan to expand the coverage of diseases and lesions of our health risk assessment solutions.

Hardware devices. We have three intelligent, fully automated hardware devices with AI technology in our portfolio to optimize image collection for subsequent analysis with our SaMDs, namely AI-FUNDUSCAMERA-P fundus camera, AI-FUNDUSCAMERA-D fundus camera and AI-FUNDUSCAMERA-M health scanner. We received a Class II medical device registration certificate of our AI-FUNDUSCAMERA-P in March 2021 and are developing our AI-FUNDUSCAMERA-D and AI-FUNDUSCAMERA-M.

COMPETITIVE STRENGTHS

Market leader in providing AI-empowered retina-based early detection, diagnosis and health risk assessment solutions with significant entry barriers

Founded in 2015, we are one of the first to provide AI-empowered retina-based early detection, diagnosis and health risk assessment solutions in China, according to Frost & Sullivan. Leveraging retinal imaging, multimodal data analyses and AI deep learning algorithms, our solutions differ from traditional chronic disease early detection and diagnosis, enabling non-invasive, accurate, fast, effective and scalable detection and diagnosis for the wider population in both medical institutions and consumer healthcare providers. We have three versions of Airdoc-AIFUNDUS, our Core Product, in our portfolio. Our Airdoc-AIFUNDUS (1.0), an AI-based SaMD approved for auxiliary diagnosis of diabetic retinopathy, was the first of its kind to obtain the Class III medical device certificate from the NMPA and the second AI-based retinal imaging analysis SaMD approved worldwide. Airdoc-AIFUNDUS (2.0) is designed for the auxiliary diagnosis of hypertensive retinopathy, retinal vein occlusion and AMD. Airdoc-AIFUNDUS (3.0) is designed for the auxiliary diagnosis of pathological myopia and retinal detachment. In addition, we have a pipeline of seven other SaMDs, covering glaucoma, cataracts, ICVD and ASCVD, gestational diabetic retinopathy, gestational hypertensive retinopathy, papilledema intracranial hypertension retinopathy and anemia, and health risk assessment solutions to serve a wide range of customers in various healthcare environments, including community clinics, health checkup centers, insurance company, optometry centers and pharmacies. Our comprehensive pipeline allowed us to offer our solutions in medical institutions, as well as widely available consumer healthcare environments, further enforcing our leading position in the market.

AI technology has disrupted many industries with its speed and cost-efficiency, accuracy and scalability advantages, fundamentally changing the traditional business model of many industries. Driven by the imbalanced allocation of medical resources, shortage of experienced physicians, technology upgrades and innovation, increasing government expenditure and policy support for AI-based medical imaging and growing capital support, China's AI-based medical imaging industry is on the cusp of explosive growth and is expected to grow from RMB0.3 billion in 2020 to RMB92.3 billion in 2030 at a 76.7% CAGR from 2020 to 2030. With the NMPA approval of our Airdoc-AIFUNDUS (1.0) in August 2020, we believe we have one of the most advanced platforms in this field with full capabilities from research and development, manufacturing, registration to commercialization, which enables us to rapidly advance innovative AI-based medical devices from concept to the market.

Our first mover advantages have established high entry barriers. With our capabilities to offer software and hardware integrated solutions, advanced in-house developed AI algorithms, a comprehensive database of labeled real-world user retinal images, strong R&D team and KOL collaborations, as well as our multi-channel commercialization strategies and regulatory know-how, we believe we are well-positioned to capture market opportunities and strengthen our leadership position.

Airdoc-AIFUNDUS (1.0) is clinically validated with a high performance, demonstrating significant market potential

Our NMPA-approved AI-based SaMD, Airdoc-AIFUNDUS (1.0), is the first AI-empowered retina-based auxiliary diagnosis product to obtain the Class III medical device certificate from the NMPA. Approved in August 2020, Airdoc-AIFUNDUS (1.0) is used to assist in the diagnosis of diabetic retinopathy.

Among the AI-based medical imaging methods, AI-based retina diagnosis technology is clinically validated, supported by proof-of-concept clinical trial results of an FDA-approved, MOA-equivalent product and numerous peer-reviewed papers. In 2020, the Guidelines for the Prevention and Treatment of Type II Diabetes Mellitus in China (2020 Edition) (《中國2型糖尿病防治指南(2020版)》) also enlisted AI-based diabetic retinopathy screening software as an effective solution to assist in the diagnosis of diabetic retinopathy and recommended using NMPA-approved AI-based medical devices for early detection and diagnosis. We developed Airdoc-AIFUNDUS (1.0) based on our AI-empowered retina-based early detection, diagnosis and health risk assessment technology platform, which has not only demonstrated industry-leading performance, but also broad applications in the diagnosis of a wide range of chronic diseases. AI-based retina diagnosis has significant health economic value. Diabetes is a major chronic illness in China with an estimated prevalence rate of 11.2% with a low diagnosis rate of only 43.3% and a low treatment rate of only 32.2%. Even with a low diagnosis rate, there were approximately 124.3 million people

with diabetes in 2020, up from 115.9 million in 2015, according to Frost & Sullivan. Diabetic retinopathy is the most common complication for patients with diabetes. Early stage diabetic retinopathy is often asymptomatic. Regular and continuous monitoring of diabetic retinopathy could facilitate the evaluation of the progress of diabetes and therefore alleviate the risks of severe complications such as diabetic nephropathy and diabetic cardiomyopathy. Up to 30% diabetes patients, or 37.3 million people, have diabetic retinopathy in 2020 in China. Because early stage diabetic retinopathy is often asymptomatic, approximately 90% diabetic retinopathy cases, or 33.6 million people, remain undiagnosed with a screening rate of less than 10% in China in 2020. Given the limited medical resources available and the imbalance of its allocation in China, there are needs for high performance and cost-effective medical devices to detect diabetic retinopathy, which would also signal risk of other complications associated with diabetes.

Designed to address such large unmet medical needs, our Airdoc-AIFUNDUS (1.0) integrates advanced technologies in biomedical image processing, such as biomedical image quality evaluation, and sophisticated AI algorithms, such as deep learning algorithms, to process and analyze retinal images, providing early detection and diagnosis for chronic diseases that assist physicians to more efficiently and accurately diagnose patients. In its multi-center clinical trial with 1,000 enrolled patients, our Airdoc-AIFUNDUS (1.0) demonstrated an industry-leading sensitivity of 91.75% and specificity of 93.1%. Moreover, our Airdoc-AIFUNDUS (1.0) is widely compatible with most fundus cameras on the market, which enable us to be well-positioned to capture the significant market opportunity.

We are strategically advancing our Core Product to expand to new indications, with the goal to develop the most comprehensive AI-empowered retina-based diagnosis solutions in China. As of the Latest Practicable Date, we were preparing for clinical trials for Airdoc-AIFUNDUS (2.0), which is designed to cover hypertensive retinopathy, retinal vein occlusion and age-related retinal macular degeneration. These chronic diseases have high prevalence, costly treatments, high disease burden, can potentially cause blindness and have a material impact on quality of life of patients. We plan to commence our multi-center clinical trial in November 2021 and begin to enroll subjects in late 2021 and apply for a registration approval of new indications with the NMPA in the second quarter of 2022. We believe and Frost & Sullivan concurs, upon approval our Airdoc-AIFUNDUS (2.0) has the potential to become the first AI-based auxiliary diagnosis SaMD in China with multiple approved indications. We are also developing Airdoc-AIFUNDUS (3.0) for pathological myopia and retinal detachment to address increasing myopia and vision problems in China, especially in younger generations. We plan to commence our multi-center clinical trial in October 2022 and apply for a registration approval of new indications with the NMPA in the first half of 2024.

Comprehensive AI-based portfolio potentially addressing significant unmet market needs

The retina is the only part of the human body where blood vessels and nerve cells can be directly viewed in a non-invasive manner. Through retinal imaging, retinopathy and changes of retina can be directly observed and analyzed to detect, diagnose and assess risks of chronic diseases. Retinal imaging is the standard tool for identifying ocular diseases, such as diabetic retinopathy, pathological myopia, retinal vein occlusion, glaucoma and AMD. It also plays an important role in detecting and diagnosing other chronic diseases, including hypertension, diabetes, ICVD, Parkinson's disease and anemia. Many of these chronic diseases have significant patient populations in China, with 324.4 million with hypertension and approximately 151.5 million with cataracts in China in 2020, according to Frost & Sullivan. Leveraging our innovative AI-based algorithms and our vast real-world database, we have developed and are strategically developing other SaMDs for glaucoma, cataracts, ICVD and ASCVD, gestational diabetic retinopathy, gestational hypertensive retinopathy, papilledema intracranial hypertension retinopathy and anemia.

In addition to addressing the growing demand for chronic disease early detection and diagnosis, we have developed health risk assessment solutions capable of detecting risk indicators associated with a wide range of diseases and lesions. In cardiovascular health risk assessment, we believe our solutions also outperformed the accuracy of products published in academic papers. Our health risk assessment solutions have been marketed to a wide range of customers in various healthcare environments, including community clinics, health checkup centers, insurance company, optometry centers and pharmacies, to efficiently conduct health risk assessment for a large population. We are developing new indications for our health risk assessment solutions, including hyperthyroidism, graves ophthalmopathy, retinal vein occlusion, dementia, Parkinson's disease, atrial fibrillation and arteriosclerosis.

Integrated solutions combining in-house developed AI-based software and hardware

We are one of the few in the industry that have in-house developed image analysis technology as well as image capture technology, which enables us to offer highly integrated and end-to-end optimized solutions that combine software and hardware with better user experience and higher accuracy. We have three in-house developed proprietary and fully automated fundus cameras that are easy to use and easy to manage. Our hardware devices significantly lower the barriers for physicians to offer eye screening and are applicable in multiple medical and consumer healthcare environments. Our hardware devices are powered by on-device AI technologies such as speech recognition, speech synthesis and computer vision and can successfully address pain points of existing fundus cameras on the market at a fraction of the cost, making our products more affordable to various healthcare environments, therefore facilitating the sales of our AI-based solutions.

By offering software and hardware as a bundle, we believe our integrated healthcare solutions provide an improved user experience, seamless end-to-end performance and a cost-effective option that make us the solution-of-choice to customers. Our integrated solutions also enable us to optimize our portfolio from data collection, data transmission, data analysis and result reporting to realize its full potential. For example, we are able to control many imaging parameters in the hardware to ensure that the image is ideal to be processed and analyzed by our AI deep learning algorithms.

In March 2021, we completed the registration of our AI-FUNDUSCAMERA-P, a portable, fully automatic and fully self-service fundus camera, as a Class II medical device in China and had commenced commercialization since then. Our AI-FUNDUSCAMERA-D, which is currently at research and development stage, is a desktop fundus camera with comparable image quality but significantly lower costs than traditional high-end desktop fundus cameras. We expect to apply for a Class II medical device registration certificate for our AI-FUNDUSCAMERA-D in the second quarter of 2022. Our AI-FUNDUSCAMERA-M is a multimodal health scanner in the research and development stage. We expect to apply for a Class II medical device registration certificate for our AI-FUNDUSCAMERA-M in the fourth quarter of 2023.

Strong research and development capabilities

We have been R&D-driven since our inception. We believe our profound knowledge in medical AI deep learning algorithms, unparalleled scale of retinal image database and mature AI engineering infrastructure are the backbone of our success.

- *Powerful AI deep learning algorithms*. Our research and development goal for algorithms is to apply our understanding of diseases and lesions to develop powerful AI deep learning algorithms that can accurately detect and diagnose a wide range of chronic diseases. We have focused on expanding the breadth and depth of our algorithms and with a forward view towards future industry trends and needs.

    - To optimize our AI deep learning algorithms, we have developed a broad range of algorithms for disease classification, lesion detection, lesion segmentation and health risk assessment, which work together to deliver highly accurate analysis results. We have developed over 50 AI deep learning algorithms serving real-world customers, which are supported by a robust IP portfolio.

    - With the aim to remain at the vanguard of algorithm engineering and deep learning technologies in the medical AI field, we are developing more advanced or new algorithms such as network architecture search, generative adversarial networks,

domain adaptation, model generalization, multi-task learning, unsupervised learning and online learning, which enabled us to further optimize our deep learning algorithms.

- Moreover, we are an industry pioneer of AI-empowered retina-based deep learning algorithms for applications previously untouched by AI. We are developing highly valuable novel algorithms and models for new applications, such as long-term health risk assessment algorithms, time sequence medical image registration and analysis system and clinical and economic data-based medical AI model performance evaluation engines, which we believe will significantly benefit chronic disease patients in the future.

- *Robust retinal image database.* We have developed one of the largest databases of retinal images in the world through research collaboration and serving a wide range of customers across China. Our data diversity is leading in the industry, comprehensively covering ages, genders, demographics, diseases, commercial channels and medical device models. Our database includes approximately 3.7 million real-world user retinal images with their corresponding multimodal data, cross-labeled by hundreds of medical experts, enabling us to perform more in-depth medical AI research and development and to build and enhance our AI deep learning algorithms. Our extensive database has served as a key entry barrier for competitors, given the extensive associated costs and the increasingly stringent data protection standards.

- *Highly efficient and mature AI engineering infrastructure*. We have established a highly secure and efficient private data lake system to store large and varied data sets, a big data analytic system to gain insight into the data and a data syncing system to reliably and efficiently sync data from different sources to the data lake system. Our engineering infrastructure are critical to our ability to manage and analyze real-world data to rapidly optimize our deep learning algorithms in near real time. We also have a powerful AI algorithm training system, which uses deep learning training frameworks to develop deep learning algorithms and train deep learning models using a massive amount of data. The deep learning model is built upon what deep learning algorithms have learned from the data. The deep learning models are later used in our online inference system to analyze medical images. Our training system was built to support five different machine learning frameworks and six programming languages to facilitate the development of our AI algorithms and address various pain points in algorithm optimization. Due to the complexity of analyzing a wide range of diseases and lesions, we have also developed a highly efficient and comprehensive online deep learning inference system to support

synchronistic computing across over 300 deep learning model instances, optimize the use of data and computation resources and streamline our deep learning model optimization, protection, deployment, management and monitoring.

As of the Latest Practicable Date, our R&D team consisted of over 80 members, all of whom hold bachelor's or higher degrees. Our R&D team has deep experience in AI technologies and medicine with a full spectrum of expertise across deep learning, medicine, computer vision, data analytics, Internet service, medical devices, biology and other disciplines. We have developed a robust IP portfolio covering key technologies for our software, hardware devices and algorithms, with 152 patents and patent applications in China and six published PCT applications.

Our innovative Airdoc-AIFUNDUS (1.0) is a testament to our strong research and development capabilities. Due to its innovative nature, Airdoc-AIFUNDUS (1.0) was approved by the NMPA through a fast-tracked regulatory approval process and was the first NMPA-approved Class III AI-based SaMD used to assist in the diagnosis of diabetic retinopathy. We received the Wu Wen Jun AI Science & Technology Progress Award (吳文俊人工智能科技進步獎) in 2019, which is widely recognized as the highest award for intelligent science and technology and the highest honor in the field of AI in China. In 2017, we were the only AI medical company featured at the Microsoft Build Developer Conference, one of the world's top conference events to present major technology milestones in software engineering, for our Airdoc-AIFUNDUS (1.0). We have partnered with renowned academic research institutions, such as Zhongshan Ophthalmic Center of Sun Yat-Sen University (中山大學中山眼科中心) on a key national research and development project to develop digital diagnosis equipment. We have over 20 papers published on prestigious peer-reviewed scientific journals, including the Lancet series, British Journal of Ophthalmology, British Journal of Dermatology, and presented at influential academic conferences in AI, such as MICCAI. Moreover, the high performance of our products have been featured in various prestigious peer-reviewed scientific journals, including the Nature series.

Multi-channel commercialization strategy with a diverse customer base to maximize market potential

We are one of the first to commercialize AI-empowered retina-based early detection, diagnosis and health risk assessment solutions in China, according to Frost & Sullivan. Benefitting from a multi-channel commercialization strategy, we have rapidly penetrated the market and have developed a solid and diverse customer base to maximize the market potential of our AI-empowered retina-based early detection, diagnosis and health risk assessment solutions in China. To date, our solutions have been used in a variety of healthcare environments, including clinical departments in hospitals, community clinics, health checkup centers, insurance companies,

optometry centers and pharmacies. With these customers in mind, we have developed and optimized algorithms to address their needs and accommodate the unique features of their business with the support of our comprehensive database.

Medical institutions. We have focused on the coverage of key clinical departments in hospitals, community clinics and health checkup centers and aim to address the shortage of medical resources and imbalance of its allocation in China.

- *Clinical departments in hospitals.* The demand for health services in China has far outstripped supply. Traditionally, chronic diseases and their associated complications are detected and diagnosed manually by physicians after reviewing various test results, such as retinal images. However, there is a limited number of experienced physicians in China. According to Frost & Sullivan, there were only approximately 44,800 ophthalmologists in China as of December 31, 2020, facing with increased patient volume. We believe our AI-based early detection and diagnosis solutions could address the needs for affordable and highly-effective solutions for chronic diseases by enhancing diagnosis capabilities, improving treatment compliance, and offering non-invasive, accurate, fast, effective and scalable diagnosis solutions. Since obtaining NMPA approval for Airdoc-AIFUNDUS (1.0), we have focused on increasing our brand reputation and awareness among KOLs and physicians, which we believe will enable us to rapidly expand our penetration in hospitals.

- *Community clinics.* Medical resources, including experienced physicians and advanced medical equipment, are unevenly concentrated in a small number of major hospitals in China, while many regional hospitals cannot meet the needs of the large population living in these areas. Although the PRC government has established a series of policies to support the development of community clinics, China still faces problems of controlling costs, increasing access and providing quality healthcare at community clinics. With our AI-based early detection diagnosis solutions, community clinics can more accurately and cost-effectively detect and diagnose chronic diseases and offer referral advice for a large population, effectively addressing the shortage and uneven distribution of medical resources in China.

- *Health checkup centers.* Health checkup centers offer routine checkups to detect potential diseases and/or medical conditions. However, many health checkup centers need to conduct a large number of tests for comprehensive screening. Our AI-empowered retina-based early detection, diagnosis and health risk assessment solutions address the needs of health checkup centers for comprehensive, accurate, fast and highly-effective health checkup products that cover multiple diseases and lesions. Our solutions enable early detection, diagnosis and health risk assessment with only one

quick shot of retina, which is relatively low-cost and non-invasive, enabling health checkup centers to provide high-quality services and increase testing capacity. We began to work with iKang, a leading health checkup center chain in China since 2018. As of the Latest Practicable Date, we had implemented our AI-based solutions in over 140 iKang health checkup centers. We are also actively expanding our coverage to over 10,000 health checkup branches, including public hospital health checkup departments.

Consumer healthcare environments. We have developed commercialization pathways for our health risk assessment solutions in various consumer healthcare environments.

- *Insurance companies.* We have partnered with leading commercial insurance companies such as Ping An Insurance (平安保險), China Pacific Insurance (中國太平洋保險), China Life Insurance (中國人壽), Taiping Life Insurance (太平人壽保險) and New China Insurance (新華保險) to assist them in comprehensively evaluating the health conditions of insurance applicants and insured members accurately and efficiently. As chronic disease prevalence rises, insurance companies have a growing need to identify chronic disease risk factors to better understand their customers' health conditions, provide health management advice, offer customized insurance products and provide adequate protection. To date, we have provided health risk assessment solutions to branches of insurance companies in 28 provinces and expect to further expand our coverage as we ramp up sales of our hardware devices and penetrate more branches.

- *Optometry centers.* Optometry centers in China are gradually enhancing their service capabilities to offer value-added services, such as health risk assessment, to consumers and therefore have significant needs for risk assessment for vision related disease solutions to support their growing new business line. We provide our health risk assessment solutions to Nova Vision, a leading optometry chain in China, to provide a comprehensive analysis of customers' retinal environment and identify risk factors that may lead to impaired vision, which help optometry centers raise awareness for eye health, especially in younger populations. As of the Latest Practicable Date, our health risk assessment solutions covered over 950 optometry centers and over one million consumers and are expected to cover 1,200 stores in 2021.

- *Pharmacies.* As of December 31, 2020, there were over 554,000 retail pharmacies in China, according to Frost & Sullivan. We believe retail pharmacies in China will gradually play an important role in providing accessible and affordable healthcare as health management and telemedicine services increase, becoming the landing point for various healthcare services in the healthcare ecosystem. As such, pharmacies will have a growing need for AI-based health risk assessment solutions to support their operations.

We have worked with Gaoji Health (高濟醫療), a leading retail pharmacy, to provide continuous health management solutions and enhance its competitiveness and service capabilities.

Through our multi-channel commercialization strategy, we have built up a diverse customer base and increased our geographical presence. From 2019 to 2020, the number of our customers increased from 46 to 85. Our ability to serve a wide customer base has also enriched our real-world user database, creating a feedback loop to further optimize our deep learning algorithms.

We maintain solid relationships with top hospitals nationwide, such as Zhongshan Ophthalmic Center of Sun Yat-Sen University (中山大學中山眼科中心), Beijing Tongren Hospital affiliated with the Capital Medical University (首都醫科大學附屬北京同仁醫院), the First Medical Center of China PLA General Hospital (解放軍總醫院第一醫學中心), Shanghai General Hospital (上海交通大學附屬第一人民醫院), Beijing Anzhen Hospital affiliated with the Capital Medical University (首都醫科大學附屬北京安貞醫院), Beijing Tsinghua Changgung Hospital affiliated with the Tsinghua University (清華大學附屬北京清華長庚醫院), Eye Hospital of Wenzhou Medical University (溫州醫科大學附屬眼視光醫院) and, influential academic institutions, such as Peking University and Monash University, and influential KOLs, to better understand the needs of frontline clinical care and enhance our R&D capabilities. Our network of KOLs has been a valuable resource for product development feedback and crucial to our product gaining acceptance and recognition in the medical institutions.

Experienced and dedicated management team with strong support from our blue-chip investors

We are led by an experienced and dedicated management team with in-depth knowledge, strategic market insight and extensive experience in a wide range of fields related to AI medical devices. Our founder, Mr. Zhang, has accumulated nearly 12 years of experience in R&D of AI technology and know-how and management of high-tech companies. Previously, he served as a program manager of Microsoft (China) Co., Ltd. (微軟(中國)有限公司), the chief technology officer of Ethos Technologies Inc. (宇思信德科技(北京)有限公司), a vice president at Synapse Computer System (Shanghai) Co, Ltd.* (突觸計算機系統(上海)有限公司) and a product vice president of Sina Technology (China) Company Limited* (新浪網技術(中國)有限公司). Dr. He Chao, our chief technology officer, brings approximately 20 years of software development, algorithm design and hardware development experience and owns over 30 U.S. or EU patents or patent applications in these areas. He has led the development of our deep learning algorithms, which laid the foundation for the development of our Airdoc-AIFUNDUS. Dr. Chen Yuzhong, our chief medical officer, has approximately 20 years of frontline experience applying technology to clinical practice, including in Grade IIIA hospitals.

Our management team is supported by a highly talented, committed and loyal R&D team consisting of professionals with deep experience in AI-technologies and medicine with a full spectrum of expertise across deep learning, medicine, computer vision, data analytics, Internet service, medical devices, biology and other disciplines. We are committed to attracting talented individuals such as world-class software engineers, data scientists, AI experts, medical experts and other R&D talents by the incentive schemes and reward program.

Our blue-chip investor base consists of leading institutional investors in the healthcare and TMT sectors such as Fosun, Sogou, CITIC Securities, Ping An Healthtech, Lilly Asia, Lake Bleu Capital and OrbiMed. Their extensive experience in, and in-depth understanding of, market trends have been invaluable to us.

BUSINESS STRATEGIES

We are dedicated to providing comprehensive and multi-faceted AI-empowered retina-based solutions for early detection, diagnosis and health risk assessment. In particular, we intend to implement a business strategy with the following components:

Enhance market awareness and strengthen our presence in medical institutions

In August 2020, we obtained the Class III medical device registration certificate for Airdoc-AIFUNDUS (1.0) and we plan to rapidly advance medical institutions penetration in China. We will seek the inclusion of Airdoc-AIFUNDUS (1.0) in the pricing guidance in most provinces in China, upon which hospitals can charge patients separately for such medical service. We plan to first target our efforts on major hospitals in China with strong industry influence, and gradually expand to cover primary care providers through setting up AI-empowered retina-based diagnosis workstations. Leveraging the increasing awareness of Airdoc-AIFUNDUS (1.0), we will gradually expand to cover Grade III hospitals, Grade II hospitals and primary medical institutions (including Grade I and unrated hospitals as well as community clinics). In recent years, the PRC government is promoting the development and efficient operation of the hierarchical diagnosis and treatment system under which chronic disease patients are encouraged to seek treatment in primary medical institutions. However, currently, most primary medical institutions lack the diagnosis capabilities for chronic diseases. We will initially provide our Airdoc-AIFUNDUS (1.0) to endocrinology department at hospitals. Diabetic retinopathy is the most important manifestation of diabetic microvascular disease and one of the severe complications of diabetes and there are few physicians in endocrinology departments who may independently detect and diagnose diabetic retinopathy. We believe our Airdoc-AIFUNDUS provides an accurate, fast, effective and scalable way for these medical institutions to build up their detection and diagnosis capabilities for chronic diseases. We

will provide standardized hardware and software operation training of retinal imaging according to the specific products to improve the abilities of reading retinal images and operating the fundus cameras of physicians at endocrinology department.

In addition, we also plan to increase our academic promotion activities by participating in and sponsoring industry-leading academic conferences and marketing activities, such as academic conferences organized by Chinese Medical Association and Chinese Medical Doctor Association, to enhance market awareness and acceptance of our AI-empowered retina-based early detection, diagnosis and health risk assessment solutions. In addition, we plan to strengthen our collaborations with lead PIs and KOLs by organizing training seminars and collaborating on research and development projects.

There are huge market opportunities for our solutions because they could address healthcare needs by offering routine checkups to detect potential diseases and/or medical conditions. We plan to strengthen our collaboration with existing health checkup center customers and promote our AI-empowered retina-based early detection, diagnosis and health risk assessment solutions. In addition, leveraging our experiences in collaboration with hospitals for our AI-empowered retina-based diagnosis solutions, we believe we are well-positioned to penetrate these health checkup centers within these hospitals.

Continue to expand our penetration in consumer healthcare environments tailored to the needs of end customers

We endeavor to apply our AI-empowered retina-based health risk assessment solutions in multiple consumer healthcare environments, such as insurance companies, optometry centers and pharmacies. We will deepen our penetration in these consumer healthcare environments. Leveraging data generated from our health risk assessment solutions, we plan to further expand the coverage of diseases and lesions of our health risk assessment solutions to help insurance companies understand their customers' health conditions and offer customized insurance products. We are also developing a solution, enabling insurance companies to monitor and assess long-term health conditions and chronic disease risks for insured people with information and assessments collected from our health risk assessment solutions.

We are also evaluating opportunities to increase the penetration rate of our health risk assessment solutions in other consumer healthcare environments, aiming to provide comprehensive assessments of chronic disease risks, raise awareness for eye health and chronic diseases and provide continuous health management. We also plan to further expand our applications in other consumer healthcare environments, such as individual and family based health monitoring applications. In addition, we are exploring opportunities to collaborate with governments with respect to government-sponsored healthcare projects. For example, we will actively participate in

the government initiated activities, such as "Healthy China Action Plan (健康中國)" promoted by the National Health Commission of the PRC to increase the awareness of the chronic disease early detection and management. We plan to recruit and train sales and marketing personnel and engage agents when appropriate to advance our multi-channel strategy.

Rapidly advance the development of our portfolio to diversify our AI-empowered retina-based early detection, diagnosis and health risk assessment solutions

We aim to become the most comprehensive AI-empowered retina-based early detection, diagnosis and health risk assessment solutions provider in China. We will continue our focus in the R&D, registration and commercialization to further expand our portfolio, including the following.

- *Airdoc-AIFUNDUS.* As of the Latest Practicable Date, we were in the process of communicating with the NMPA about our clinical trial protocol for Airdoc-AIFUNDUS (2.0), which will expand its indications to hypertensive retinopathy, retinal vein occlusion and AMD. We plan to commence our multi-center clinical trial for Airdoc-AIFUNDUS (2.0) in November 2021 and apply for a registration approval of new indications with the NMPA in the second quarter of 2022. After that, we plan to rapidly ramp up its sales by utilizing our existing sales channels. We plan to commence our multi-center clinical trial for Airdoc-AIFUNDUS (3.0) in October 2022 and apply for a registration approval of new indications with the NMPA in the first half of 2024.

- *Other SaMDs for detection and diagnosis.* We plan to rapidly advance the development, clinical trial and commercialization of our other SaMDs, including for glaucoma, cataracts, ICVD and ASCVD, gestational diabetic retinopathy, gestational hypertensive retinopathy, papilledema intracranial hypertensive retinopathy and anemia. We have obtained a Class II medical device registration certificate for our glaucoma detection SaMD in June 2020 from the Shanghai branch of the NMPA. We had submitted the Class II medical device registration certificate application for our cataracts detection SaMD in April 2021.

- *Health risk assessment solutions.* We plan to advance the development of customized health risk assessment solutions for different consumer healthcare environments, including nursing homes and enterprise clinics, with an aim to enhance precision medicine. We also plan to expand the coverage of diseases and lesions of our health risk assessment solutions to hyperthyroidism, graves ophthalmopathy, retinal vein occlusion, dementia, Parkinson's disease, atrial fibrillation and arteriosclerosis.

- *Hardware devices.* We are developing hardware devices compatible with our auxiliary diagnosis SaMDs and health risk assessment solutions, which enable us to provide integrated and cost-efficient healthcare solutions that combine hardware and software. Our AI-FUNDUSCAMERA-P received a Class II medical device registration certificate from the Shanghai branch of the NMPA in March 2021 and we plan to rapidly advance the development of other hardware devices, including AI-FUNDUSCAMERA-D and AI-FUNDUSCAMERA-M.

- *Chronic disease management platform*. According to Frost & Sullivan, there are approximately 300 million patients in China suffering from chronic diseases in China in 2020. As chronic diseases normally require ongoing medical attention, the large patient pool in China creates huge market demands for family chronic disease management solutions. Observing these underserved medical needs, we plan to develop chronic disease monitoring and management solution for individuals and families, enabling them to monitor their chronic disease conditions in an affordable manner. We plan to develop individual- and family-version AI-based solutions, which will not only provide us an additional source of revenue, but also enable us to enhance our product performance through the data we collect from them. In addition, we also plan to establish a real-time health monitoring and management platform, which will store individuals' real-time health data. The platform will further help individual users to monitor, detect, diagnose and manage chronic diseases on a real-time basis.

- *Collaboration.* Leveraging our proprietary AI technologies and intellectual properties, we plan to collaborate with reputable academic and medical institutions in China and overseas with an aim to develop SaMDs that can address therapeutic areas with huge unmet early detection or diagnosis needs.

Continue to invest in technology R&D to improve our deep learning algorithms, data capability and service scalability

We believe our AI-empowered retina-based technology platform is crucial to our future growth, which differentiates us from our competitors. We are dedicated to continuously building up our R&D capabilities and making technology breakthroughs based on our current deep learning algorithms, real-world database and engineering infrastructure to become the global pioneer in providing AI-empowered retina-based early detection, diagnosis and health risk assessment solutions.

- *AI deep learning algorithms and engineering infrastructures.* We believe AI-empowered retina-based early detection, diagnosis and health risk assessment solutions can be applied to other indications that are not covered in our current portfolio. We will

continue to develop deep learning algorithms to provide early detection, diagnosis and health risk assessment solutions for more chronic diseases. Further, we will continue to invest in our engineering infrastructure, including algorithm design, algorithm training, data labeling, data management, data ingestion, monitoring, model interpretation and verification, deployment and inference with an aim to shorten the development cycle of our deep learning algorithms and enhance the efficiency of our research and development.

- *Data analytics and application.* While we strictly comply with our stringent data privacy and protection policies and the relevant laws and regulations, we collect a massive amount of valuable user data from our AI-empowered retina-based early detection, diagnosis and health risk assessment solutions. We plan to develop a chronic disease big data analytics platform, which will store, manage and analyze these medical data. Utilizing this platform, we plan to develop and design customized health risk assessment solutions for different commercial settings. For example, we plan to develop a solution for insurance companies to analyze the relationship between chronic disease data and insurance claim record and we also plan to develop a myopia control solution. In addition, with the real-time data generated from our services, we plan to work closely with medical experts to promulgate industry standards in China for the detection and diagnosis of chronic disease from retinal images, which will further strengthen our market position.

- *Service scalability and compliance.* In order to expand our service and user outreach, we will continue to enhance our service infrastructure. We will build our deep learning inference system and service management system to streamline our deep learning model optimization, protection, deployment, management and monitoring. In addition, we also plan to enhance and build up product development and engineering infrastructures, which will primarily focus on investing in computation and data resources.

Strategically pursue collaboration, investment and acquisition opportunities to drive our long-term growth

We plan to pursue partnership, collaboration, investment and acquisition opportunities to supplement our portfolio and technologies. To that end, we plan to actively explore collaboration and joint development opportunities to achieve both horizontal and vertical business integration. We will select collaboration partners based on their research and development capability, AI-based product development experience, management and research team, business scale and reputation. Horizontally, we plan to select AI technology companies specialized in the cardiovascular and neurological diseases to build synergies with our existing portfolio. Vertically, we intend to focus on raw material companies, biosensor companies and medical device manufacturers to further

strengthen our integrated solutions. We may further seek opportunities to expand the coverage of our business. We may also consider to invest in or acquire companies with innovative technologies that complement and supplement our technology platforms. We currently do not have any specific targets or targets under negotiation.

OUR PORTFOLIO

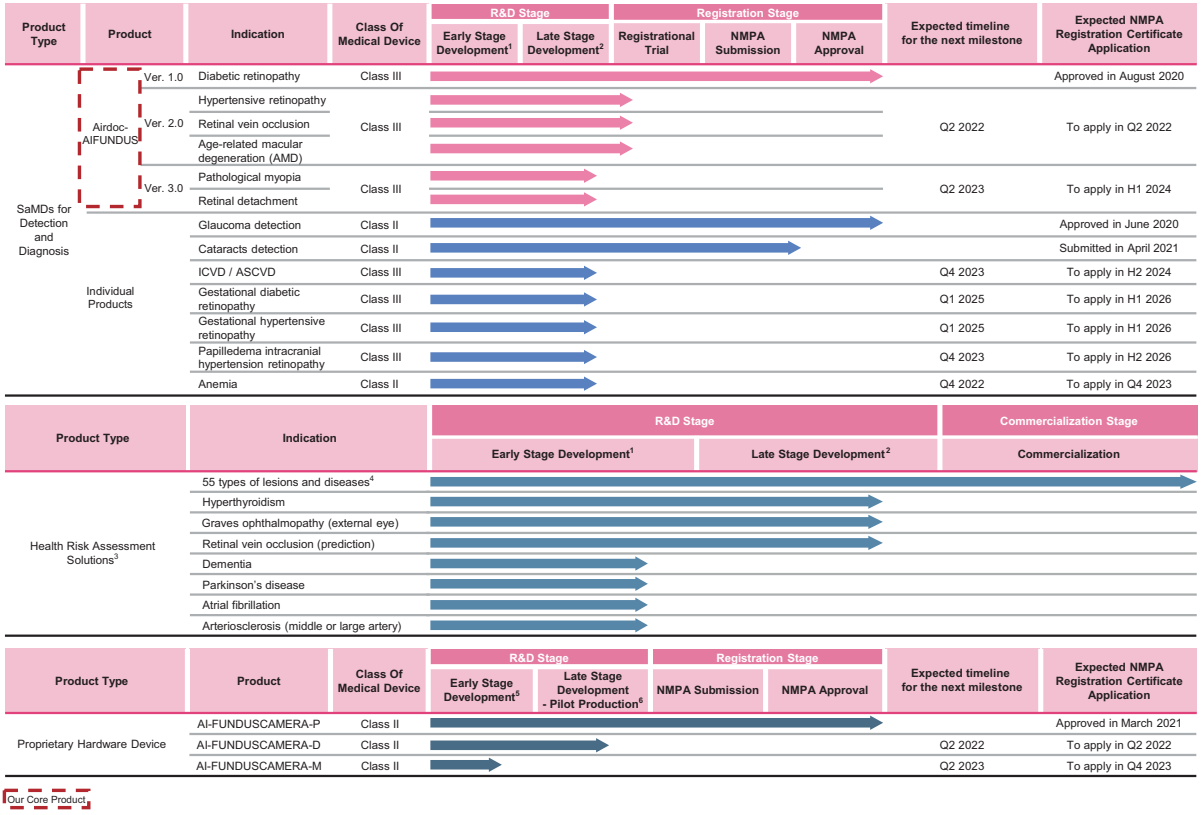
To address the largely unmet medical needs of early detection and diagnosis of chronic diseases, we developed our AI-empowered retina-based early detection, diagnosis and health risk assessment solutions potentially capable of covering a wide range of diseases and lesions. Our portfolio includes SaMDs for detection and diagnosis, health risk assessment solutions and hardware devices, forming an integrated solution.

SaMDs for detection and diagnosis. In August 2020, we obtained the Class III medical device certificate for Airdoc-AIFUNDUS (1.0), which is a SaMD for auxiliary diagnosis of diabetic retinopathy. We are currently expanding the indications in Airdoc-AIFUNDUS (2.0) to cover hypertensive retinopathy, retinal vein occlusion and AMD and Airdoc-AIFUNDUS (3.0) to cover pathological myopia and retinal detachment. Separately, we have developed and are developing other SaMDs for glaucoma, cataracts, ICVD and ASCVD, gestational diabetic retinopathy, gestational hypertensive retinopathy, papilledema intracranial hypertension retinopathy and anemia.

Health risk assessment solutions. Health risk assessment is a white space segment, due to greater difficulty in predicting the risk of developing a chronic disease compared to detection or diagnosis of an existing disease. We offer health risk assessment solutions with the ability to detect risk indicators. We have marketed our health risk assessment solutions to a wide range of customers in various healthcare environments, including community clinics, health checkup centers, insurance company, optometry centers and pharmacies. We also plan to expand the coverage of diseases and lesions of our health risk assessment solutions.

Hardware devices. We have three intelligent, fully automated hardware devices with AI technology in our portfolio to optimize image collection for subsequent analysis with our SaMDs. Our AI-FUNDUSCAMERA-P is a portable, fully automatic and fully self-service fundus camera and we have received a Class II medical device registration certificate in March 2021. Our AI-FUNDUSCAMERA-D, which is currently at research and development stage, is a desktop fundus camera with comparable image quality but significantly lower costs than traditional high-end desktop fundus cameras. We expect to apply for a Class II medical device registration certificate in the second quarter of 2022. Our AI-FUNDUSCAMERA-M, a multimodal health scanner, is in the research and development stage. We expect to apply for a Class II medical device registration certificate in the fourth quarter of 2023.

The following diagram sets forth key details of our portfolio as of the Latest Practicable Date:



1. Early stage development denotes the process of data collection, data labelling and model training
2. Late stage development denotes the process of data supplementation, algorithm training iteration and algorithm validation
3. No regulatory approval or registration is required for the sale of our health risk assessment solutions in consumer healthcare environments
4. During the Track Record Period, we offer health risk assessment solutions with the ability to detect risk indicators, including risk assessments of retinal abnormalities, retinal vascular diseases, vitreous abnormalities, retinal tumors, optic nerve pathologies, macular diseases, congenital anomalies of the retina, cardiovascular disease and anemia
5. Early stage development denotes the process of product planning, product definition, engineering verification and design verification
6. Pilot production denotes the process of production verification

During the Track Record Period, we generated revenue mainly from our health risk assessment solutions and sales of hardware devices of third-party providers that are integrated with our AI-based software.

SaMDs for Detection and Diagnosis

The retina is a multilayered structure that detects light, processes the subsequent signals, and transmits the processed information to the brain. It is the only part of the human body where blood vessels and nerve cells can be directly observed in a non-invasive manner. Retinal images can help physicians diagnose not only vision-threatening eye diseases, such as diabetic retinopathy, AMD and glaucoma, but also life-threatening chronic diseases such as stroke, cardiovascular disease and neurological disorders such as Alzheimer's disease.

Currently, the retina is observed manually by physicians using retinal images captured by fundus cameras. Diagnoses and detection conducted through manual observation rely heavily on physicians' training and experience, are relatively subjective and not standardized, and require physicians to spend extensive time in the review process.

Airdoc-AIFUNDUS — Our Core Product

Our Airdoc-AIFUNDUS is an AI-based SaMD that uses sophisticated deep learning algorithms to accurately detect and diagnose chronic diseases from retinal images. We developed Airdoc-AIFUNDUS based on our proprietary AI-empowered retina-based early detection, diagnosis and health risk assessment technology platform, which is driven by deep learning technologies and fully validated in terms of scientific theory, clinical trial data and clinical pathway.

We have three versions of Airdoc-AIFUNDUS in our portfolio. Our Airdoc-AIFUNDUS (1.0), which obtained a Class III medical device certificate from the NMPA in August 2020, is indicated for the auxiliary diagnosis of diabetic retinopathy. Airdoc-AIFUNDUS (2.0) is designed for the auxiliary diagnosis of hypertensive retinopathy, retinal vein occlusion and AMD. We plan to commence our multi-center clinical trial for Airdoc-AIFUNDUS (2.0) in November 2021 and apply for a registration approval of new indications with the NMPA in the second quarter of 2022. Airdoc-AIFUNDUS (3.0) is designed for the auxiliary diagnosis of pathological myopia and retinal detachment. We plan to commence our multi-center clinical trial for Airdoc-AIFUNDUS (3.0) in October 2022 and apply for a registration approval of new indications with the NMPA in the first half of 2024.

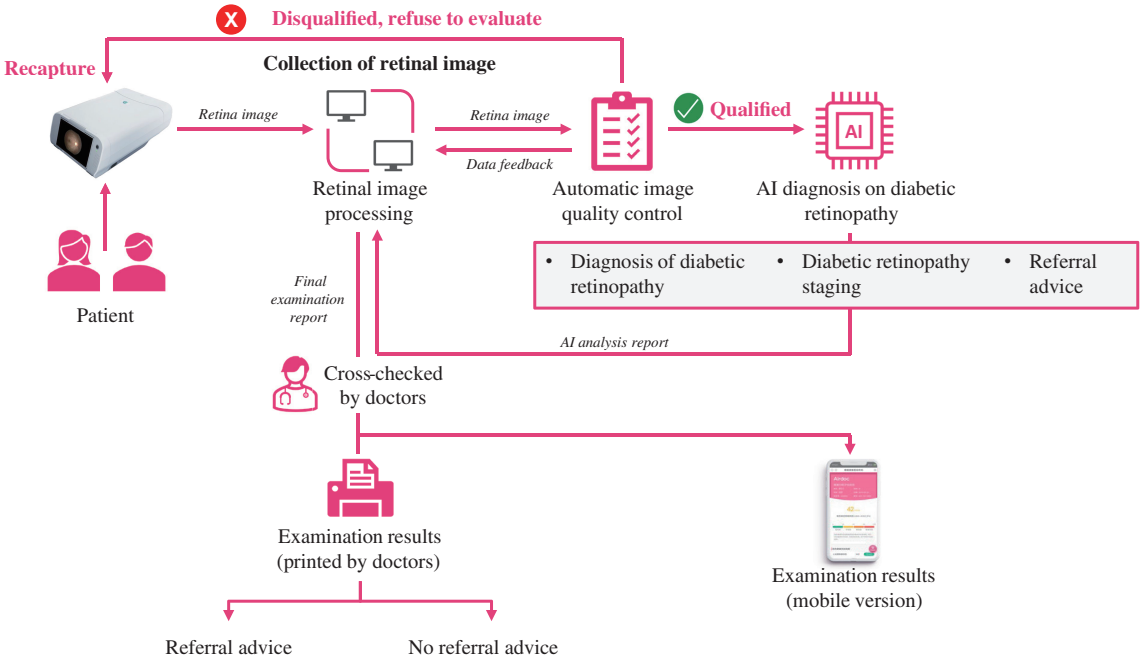
Airdoc-AIFUNDUS (1.0), (2.0) and (3.0) are (a) developed based on same technical methodologies, (b) the same with respect to the main structure or composition; and (c) used for diagnose and detection of certain chronic diseases by way of retinopathy detection. We have consulted with the relevant provincial branch of the NMPA, which has confirmed that (i) Airdoc-AIFUNDUS (1.0), Airdoc-AIFUNDUS (2.0) and Airdoc-AIFUNDUS (3.0) will be regulated as one product; (ii) Airdoc-AIFUNDUS (2.0) and Airdoc-AIFUNDUS (3.0) will be registered as the expansion of indications under the Class III registration certificate of Airdoc-AIFUNDUS (1.0), together with the modification documents issued by the NMPA; and (iii) clinical trial for Airdoc-AIFUNDUS (2.0) is required by the NMPA for the purpose of seeking approval for the modification application.

Considering Article 5 of the Announcement of the NMPA on Issuing the Special Review Procedures for Innovative Medical Devices (《國家藥監局關於發佈創新醫療器械特別審查程序的公告》) and other applicable PRC rules and regulations, the relevant provincial branch of the NMPA is responsible for interpreting NMPA rules, conducting a preliminary review on whether the medical device meets the requirements of innovative medical devices, and issuing preliminary review assessments to the NMPA. Our PRC Legal Advisors are of the view that (i) the relevant provincial branch of the NMPA is a competent authority to interpret the NMPA rules applicable to us and has the authority to assess the procedures applicable to expansion of indications of our Airdoc-AIFUNDUS and provide the above confirmations; and (ii) the NMPA will issue the registration certificate of Airdoc-AIFUNDUS based on the assessment performed and submitted by the relevant provincial branch of the NMPA.

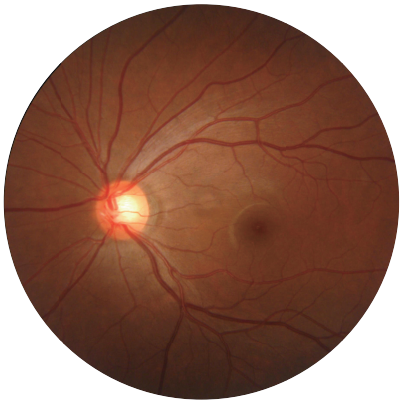
How It Works

The workflow of our Airdoc-AIFUNDUS involves three major steps: retinal image collection, image quality control and imaging analysis and classification. Retinal images are collected through a fundus camera connected to a computer, where our Airdoc-AIFUNDUS is installed. At least one fundus image per eye will be taken. The operator then uses our Airdoc-AIFUNDUS software to upload the images to our backend imaging analysis cloud platform, which will review the image quality, including the resolution, brightness, color, noise level and view angle to ensure high-quality retinal images are obtained. The cloud platform is supported by public cloud services provided by well-known cloud service providers. According to our agreements with the cloud service providers, they will provide cloud infrastructure and operational maintenance services such as the cloud server (i.e. elastic computing service, or ECS) and relational database services (RDS) which supports data storage in the cloud. Such cloud service providers adopt various measures to ensure compliance with the prevailing regulations. They also comply with a series of national or international standards in relation to cloud service security such as ISO/IEC 27001 and ISO/IEC 22301. Our Airdoc-AIFUNDUS then uses deep learning algorithms to analyze the images and classify them by disease using complex computations that detect and analyze diseases and lesions

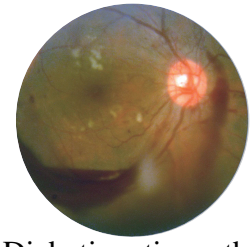
including microaneurysms, hemorrhages, exudates and swelling or fatty deposits by texture, pattern and shape. Upon completion of the analysis, a report is generated with the retinal images, examination results, disease progress and referral advice. Our solution will give referral advice for referable diseases, such as moderate or more than moderate non-proliferative diabetic retinopathy. Physicians can refer to the report when providing their diagnoses and medical advice. Physicians may also refer to the report to determine whether referral to other departments, such as the ophthalmology department, for follow-up consultations is necessary. The following diagram illustrates the clinical workflow of our Airdoc-AIFUNDUS.



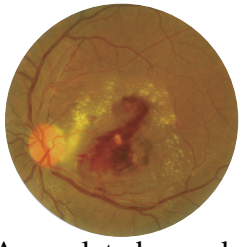
The following diagrams show retinal images of a healthy person and patients with diseases.



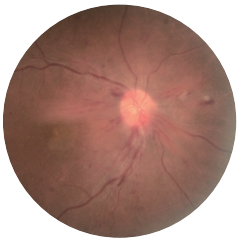
Healthy



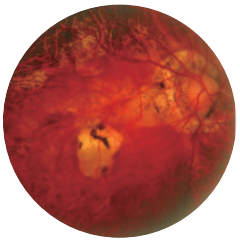
Diabetic retinopathy



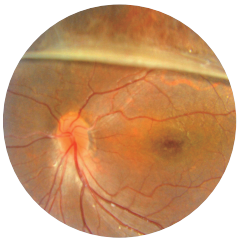
Age-related macular degeneration



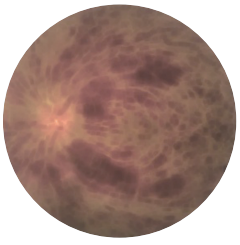
Hypertensive retinopathy



Pathological myopia



Retinal detachment



Retinal vein occlusion

* *computer-generated, for illustration purpose only*

Our Advantages

- *First NMPA-approved Class III AI-empowered retina-based auxiliary diagnosis product in China.* Our Airdoc-AIFUNDUS (1.0) is the first of its kind to be used to assist in the diagnosis of diabetic retinopathy in China, according to Frost & Sullivan. Regulatory approval for AI-based software requires product testing, detailed technology review and complex clinical trials, which are all major entry barriers for potential competitors. For example, our multi-center clinical trial with 1,000 enrolled patients validated the safety and effectiveness of our Airdoc-AIFUNDUS (1.0) with sensitivity and specificity results of 91.75% and 93.10%, respectively, compared with IDX-DR, which achieved a 87.2% sensitivity rate and 90.7% specificity rate. Other versions of Airdoc-AIFUNDUS will benefit from our know-how and experience in bringing Airdoc-AIFUNDUS (1.0) to market, as well as benefit from the hospital and physician network we have built.

- *Well-validated technology*. Airdoc-AIFUNDUS (1.0) is developed based on our AI-empowered retina-based early detection, diagnosis and health risk assessment technology platform, which is well-validated in terms of scientific theory, clinical trial data and clinical pathway, supported by proof-of-concept clinical trial results of an FDA-approved, MOA-equivalent product. We have over 20 papers published on prestigious peer-reviewed scientific journals, including the Lancet series, British Journal of Ophthalmology, British Journal of Dermatology, and presented at influential academic conferences in AI, such as MICCAI. Moreover, the high performance of our products have been featured in various prestigious peer-reviewed scientific journals, including the Nature series. We believe our AI-based early detection and diagnosis solutions could address the needs for affordable and highly-effective solutions for chronic diseases by enhancing diagnosis capabilities, improving treatment compliance, and offering non-invasive, accurate, fast, effective and scalable diagnosis solutions.

- *Multi-brand and multi-model fundus camera compatibility to maximize market opportunities.* Our Airdoc-AIFUNDUS is compatible with a wide range of fundus camera brands and models due to algorithms that are built-in to achieve high adaptability. Different fundus cameras have different imaging signatures, varying in terms of brightness, color, noise level and viewing angle. We have trained our Airdoc-AIFUNDUS with images from various fundus cameras to ensure consistent and accurate analysis results regardless of which camera model is used. Moreover, we have utilized data enhancement to generate images with more diversity and trained our Airdoc-AIFUNDUS to achieve an even higher degree of compatibility. Currently, our Airdoc-AIFUNDUS (1.0) is compatible with 30 models of designated fundus camera brands including Canon, Topcon, New Vision and Suoer. In contrast, other SaMDs on the market, such as IDx-DR, are only compatible with one or a few designated fundus

cameras. We believe such features could effectively address the limited medical resources available and the imbalance of its allocation in China, given our Airdoc-AIFUNDUS could make the best use of the client's existing equipment and provide performance and cost-effective medical devices to detect certain chronic diseases.

- *Effective for wider population use*. Our Airdoc-AIFUNDUS (1.0) was trained with data from 15 different institutions in China. Our data is diverse in terms of gender, age, geographic region and other demographics, covering a high percentage of the whole population. By training our Airdoc-AIFUNDUS using these data and performing multi-dimensional analysis of the product's performance on customers with different profiles, we are able to ensure that our product works consistently well for all customers, extending the applicability of our product across all markets.

- *Automatic real-time imaging quality control*. Our Airdoc-AIFUNDUS has an automatic quality control function with multiple independent detectors for retinal area validation, focus, color balance and exposure. The function evaluates every image captured in real time and alerts users if image quality is sub-standard, which ensures a usable image is captured before the patient leaves. Traditional quality control is reliant on the operators' experiences to evaluate the quality of a retinal image and has many drawbacks. For example, the operator may not have the professional training necessary to evaluate image quality, considerable time is needed to evaluate all images captured, and consistency in evaluation standards across different operators is difficult to maintain. Our automatic real-time imaging quality control addresses these issues by increasing accessibility and efficiency, improving the quality of diagnosis and reducing the reliance on experienced physicians.

Airdoc-AIFUNDUS (1.0)

Our Airdoc-AIFUNDUS (1.0), an AI-based SaMD, was the first AI-empowered retina-based auxiliary diagnosis product to obtain the Class III medical device certificate from the NMPA according to Frost & Sullivan, enabling it to be used in hospitals in China to assist physicians with medical diagnosis. It is approved for use by medical institutions to assist physicians in detecting diabetic retinopathy in adults. We have begun to implement our commercialization strategy for Airdoc-AIFUNDUS (1.0) since then. As of the Latest Practicable Date, no material adverse change had occurred with respect to our registration approval of Airdoc-AIFUNDUS (1.0).

Market Opportunity and Competition

Diabetes is currently on the rise with 463.0 million patients between 20 to 70 years old globally and 124.3 million patients above 18 years old in China in 2020. However, diabetes in China has a low diagnosis rate of only 43.3% and a low treatment rate of only 32.2%. According to Frost & Sullivan, the estimated prevalence rate of diabetes in China grew from 9.7% in 2008 to 11.2% in 2020. Complications of diabetes include chronic or acute health problems that may affect many organ systems, cause long-lasting disability and dramatically impair quality of life. The treatment of diabetes requires extensive healthcare resources, resulting in high medical costs, which in turn places a heavy economic burden on society, patients and their families.

Diabetic retinopathy is the most common complication for patients with diabetes. Early stage diabetic retinopathy is often asymptomatic. Regular and continuous monitoring of diabetic retinopathy could facilitate the evaluation of the progress of diabetes and therefore effectively intervene and alleviate the risks of severe complications such as vision loss, diabetic nephropathy and diabetic cardiomyopathy. Up to 30% diabetes patients, or 37.3 million people, have diabetic retinopathy in 2020 in China. Because early stage diabetic retinopathy is often asymptomatic, approximately 90% diabetic retinopathy cases, or 33.6 million people, remain undiagnosed with a screening rate of less than 10% in China in 2020. Conventionally, diabetic retinopathy is diagnosed manually by physicians through review of retinal images captured using fundus cameras. The accurate diagnosis of diabetic retinopathy requires extensive clinical experience. However, the limited number of experienced physicians and medical equipment for diabetic retinopathy screening in China cannot meet the needs of China's growing diabetic population. As such, there is a significant need for AI-based diabetic retinopathy screening that makes use of deep learning techniques to rapidly process and analyze retinal images, supporting physicians in making diagnoses. With the assistance of AI in early diagnosis and screening of diabetic retinopathy, patients can begin to manage the chronic disease early and potentially prevent or delay disease progression. In 2020, the Guidelines for the Prevention and Treatment of Type II Diabetes Mellitus in China (2020 Edition) (《中國2型糖尿病防治指南(2020版)》) enlisted AI-based diabetic retinopathy screening software as an effective solution to assist in the diagnosis of diabetic retinopathy and recommended using NMPA-approved AI-based medical devices for early detection and diagnosis.

To date, our Airdoc-AIFUNDUS (1.0), SiBionics' AIDR and Vistel's Eye Wisdom were the only three NMPA-approved Class III AI-based SaMDs for the auxiliary diagnosis of diabetic retinopathy. As of the same date, there were two other AI-based SaMDs for auxiliary diagnosis of diabetic retinopathy approved by the FDA, being Digital Diagnostics Inc's IDx-DR and Eyenuk's EyeArt AI System. For details, see "Industry Overview — Competitive Landscape." Compared

with AIDR, our Airdoc-AIFUNDUS (1.0) is compatible with multi-brand and multi-model fundus camera and has an automatic quality control function. Our Airdoc-AIFUNDUS (1.0) has demonstrated an industry-leading sensitivity and specificity during its clinical trial.

Summary of Our Clinical Trial

We conducted a multi-center, single-set target value clinical trial to evaluate the safety and effectiveness of our Airdoc-AIFUNDUS (1.0), which started in December 2018 and completed in September 2019. We cooperated with Beijing Tongren Hospital affiliated with the Capital Medical University (首都醫科大學附屬北京同仁醫院), the First Medical Center of China PLA General Hospital (解放軍總醫院第一醫學中心) and Beijing Tsinghua Changgung Hospital affiliated with the Tsinghua University (清華大學附屬北京清華長庚醫院) to conduct our clinical trial. We will prepare clinical trial protocol draft, deliver the clinical equipment and provide trainings to clinical trial institutions and researchers in these clinical trial institutions, which will then commence the enrollment of patients. Clinical trial institutions are required to conduct the clinical trial, obtain consent from enrolled patients, collect data, issue clinical trial reports at the end of clinical trial strictly in accordance with the protocol, and keep trial records after the end of the trial within the period indicated in the Good Clinical Practice for Medical Devices (《醫療器械臨床試驗質量管理規範》). In return for the clinical trial institutions' services, we make scheduled payments as agreed in the agreements. For details, see "— Clinical Trials — Collaboration with Clinical Trial Institutions."

We engaged CRCs for our clinical trial for Airdoc-AIFUNDUS (1.0) from a CRC service provider which has served more than 700 clinical trial institutions and has been involved in clinical trials for more than 60 types of drugs or medical devices developed by listed companies. We will provide the product candidates for the clinical trial, while CROs are typically responsible for reviewing the clinical trial protocol and informed consent forms, assisting us in providing training to relevant researchers, establishing and managing the database, collecting case reports, and issuing the clinical trial reports. For details, see " — Clinical Trials — Relationships with CROs and CRCs."

Trial design. The trial was designed to enroll 1,000 patients after exclusions. Patients must fulfill the following criteria to be enrolled:

- Patients who are 18 years or older and below 75 years;
- Patients must understand the study, have chosen to participate voluntarily, and have signed informed consent; and
- Patients who are diagnosed with diabetes.

Patients who fulfill the following criteria were excluded:

- Patients who could not obtain a gradable fundus image;
- Patients who are diagnosed with retinal detachment, proliferative vitreoretinopathy, radiation retinopathy, retinal vascular inflammation, retinal vein occlusion or other retinal diseases;
- Patients who have received retinal laser treatment, intravitreal injection or other retinal surgeries;
- Patients who are participating in other diabetic retinopathy or diabetic macular edema researches;
- Patients who have light sensitivity, have received photodynamic therapy and are taking medications that may cause light sensitivity;
- Patients who do not have clear corneal refractive media;
- Where the researchers believe the patients are not suitable for participating in the clinical trial.

Participants who meet the eligibility criteria need to take two retinal fundus images of the ocular fundus (one optic disc centered, one macula centered) per eye. Airdoc-AIFUNDUS (1.0) used two images obtained from each eye of enrolled patients for analysis. Three deputy chief physicians specializing in fundus diseases with at least 10 years of experience reviewed the same images and provided reference diagnosis standards to measure the sensitivity and specificity of Airdoc-AIFUNDUS (1.0).

Trial results. The sensitivity of our Airdoc-AIFUNDUS (1.0) for detecting referable diabetic retinopathy was 91.75%, which refers to the ability of our Airdoc-AIFUNDUS (1.0) to correctly identify referable diabetic retinopathy cases. Our Airdoc-AIFUNDUS (1.0) demonstrated a 93.10% specificity, which refers to the ability of Airdoc-AIFUNDUS (1.0) to correctly identify patients without diabetic retinopathy. Our Airdoc-AIFUNDUS (1.0) showed a 92.67% imageability rate, demonstrating its ability to produce specialty-level diagnosis. No adverse device effect was reported.

Next Steps

We received the Class III medical device registration certificate from the NMPA in August 2020 and had just started commercialization of our Airdoc-AIFUNDUS (1.0) for a short period of time. Subsequent to obtaining NMPA approval, we have focused on establishing our commercialization infrastructure and network. As of the Latest Practicable Date, we had marketed and provided our Airdoc-AIFUNDUS (1.0) to 23 hospitals and three community clinics in China. For details of our commercialization strategy, see "— Sales and Marketing."

Airdoc-AIFUNDUS (2.0)

Our Airdoc-AIFUNDUS (2.0) is designed for the auxiliary diagnosis of hypertensive retinopathy, retinal vein occlusion and AMD. We are currently preparing for the clinical trial of Airdoc-AIFUNDUS (2.0). We plan to commence our multi-center clinical trial in November 2021 and begin to enroll subjects in late 2021 and apply for a registration approval of new indications with the NMPA in the second quarter of 2022. With NMPA approval of our Airdoc-AIFUNDUS (2.0), it has the potential to become the first AI-based auxiliary diagnosis SaMD in China with multiple approved indications, according to Frost & Sullivan.

Market Opportunity and Competition

Hypertensive retinopathy refers to retinal vascular damage caused by high blood pressure. When the blood pressure has been consistently high for a prolonged period, the retina's blood vessel walls may thicken. The blood vessel will become narrow, restricting blood from reaching the retina, causing vision problems. According to Frost & Sullivan, 13% hypertensive patients have hypertensive retinopathy in China. Hypertensive retinopathy patients in China increased from 34.8 million in 2015 to 42.2 million in 2020 and is expected to reach 62.1 million in 2030. Diagnosis of hypertensive retinopathy is typically conducted with the help of vessel segmentation, which is an intensive task for the medical professional to conduct manually. AI-based diagnosis devices can detect hypertensive retinopathy from retinal images by analyzing the change in blood vessels using complex deep learning algorithms.

Retinal vein occlusion is a condition of eye that may cause partial or total vision loss, which is caused by a blockage in the primary vein that drains blood from the retina, or a small branch of this vein. Retinal vein occlusion may be asymptomatic, especially in early stages. The retinal vein occlusion patient population in China increased from 5.6 million in 2015 to 6.7 million in 2020 with a 3.7% CAGR and is forecasted to reach 9.5 million in 2030 at a CAGR of 3.5% from 2020 to 2030. Retinal vein occlusion is usually diagnosed manually by ophthalmologists using retinal imaging, fluorescein angiography and optical coherence tomography to observe the layers of the

retina showing the blood vessels and how the blood is flowing through the eye. AI-based diagnosis devices may be able to analyze the fundus image and diagnose retinal vein occlusion automatically and cost-effectively.

AMD is common in people over the age of 50, which is the leading cause of visual impairment. AMD affects the macula, the back part of the retina that controls central vision, which may in turn cause blindness and materially impact the quality of life of patients. As the population ages, the patient population for AMD in China is expected to increase from 26.4 million in 2020 to 52.3 million in 2030. AMD has a high prevalence among people over 50 years of age, costly treatments and high disease burden, can potentially cause blindness and have a material impact on the quality of life of patients. Through deep learning algorithms trained with labeled retinal images, an AI-based AMD SaMD can identify symptoms of AMD to support the physicians in diagnosis.

As of the Latest Practicable Date, there were no NMPA-approved products similar to our Airdoc-AIFUNDUS (2.0). We believe and Frost & Sullivan concurs, our Airdoc-AIFUNDUS (2.0) has the potential to become the first AI-based auxiliary diagnosis SaMD in China with multiple approved indications if approved by the NMPA.

Material Communications and Next Steps

As of the Latest Practicable Date, we were preparing for the clinical trial for our Airdoc-AIFUNDUS (2.0). We were in the process of communicating with the NMPA about our detailed clinical trial plan and protocols, including the statistical methods and clinical trial methodology. As advised by our PRC Legal Advisors, the commencement of our clinical trial is not subject to the NMPA's approval and we plan to commence our multi-center clinical trial in November 2021 and begin to enroll subjects in late 2021 and apply for a registration approval of new indications with the NMPA in the second quarter of 2022. After obtaining the registration approval of new indications, we plan to market our Airdoc-AIFUNDUS (2.0) to cardiovascular, endocrinology, neurology and ophthalmology departments in hospitals and promote it to patients with high blood pressure or at high risk of retinal vein occlusion.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET AIRDOC-AIFUNDUS (2.0) SUCCESSFULLY.

Airdoc-AIFUNDUS (3.0)

Our Airdoc-AIFUNDUS (3.0) is designed for the auxiliary diagnosis of pathological myopia and retinal detachment. We plan to commence the clinical trial for our Airdoc-AIFUNDUS (3.0) in October 2022.

Market Opportunity and Competition

Pathological myopia may lead to reduced vision or blindness that cannot be corrected with glasses or contact lenses. The increasing prevalence of myopia, particularly among children adolescents between 13 to 18 years old, is a cause for concern, since severe myopia can develop into pathological myopia. According to Frost & Sullivan, the patient population for pathological myopia in China increased from 19.2 million in 2015 to 22.6 million in 2020 at a 3.3% CAGR and is expected to reach 32.3 million in 2030 at a CAGR of 3.7% from 2020 to 2030. In particular, the prevalence of myopia among elementary school students aged between 7 to 12 years old, middle school students aged between 13 to 16 years old and high school students aged between 16 to 18 years old in China was approximately 36%, 72%, 81%, respectively. The increasing incidence rate of pathological myopia urges the development of screening and management systems to detect the disease early to allow for potential intervention measures.

Retinal detachment is the separation of the neuroepithelium and pigment epithelium of the retina. Without timely diagnosis and treatment, patients may experience irreversible vision loss. The retinal detachment patient population in China increased is expected to reach 0.147 million in 2030. Retinal detachment diagnosis requires experienced ophthalmologists to examine the whole retina and detect any holes or tears on the retina. However, identifying retinal detachment at an early stage is challenging because it usually starts asymptomatically and develops in small increments at the retina periphery. AI-based diagnosis devices enable the efficient and automatic detection of symptoms of retinal detachment by analyzing a complete retinal image with high sensitivity and precision.

To date, there were no NMPA-approved products similar to our Airdoc-AIFUNDUS (3.0) which is designed for the auxiliary diagnosis of pathological myopia and retinal detachment.

Material Communications and Next Steps

As of the Latest Practicable Date, we had finished the initial development of our Airdoc-AIFUNDUS (3.0). As advised by our PRC Legal Advisors, the commencement of our clinical trial is not subject to the NMPA's approval and we plan to commence our multi-center clinical trial in October 2022 and begin to enroll subjects in late 2022 and apply for a registration approval of new indications with the NMPA in the first half of 2024. Our Airdoc-AIFUNDUS (3.0) targets patients with diabetes or myopia. As of the Latest Practicable Date, there had not been any material communication between us and the NMPA.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET AIRDOC-AIFUNDUS (3.0) SUCCESSFULLY.

Glaucoma Detection SaMD

Our glaucoma detection SaMD is used to process and analyze fundus images to detect glaucoma by measuring the cup to disc ratio (the "**CDR**") of the optic disc. The optic region is the area where the optic nerves and blood vessels enter the retina, and the cup is a small rounded depression area at the front of the optic nerve head. The CDR is a commonly used parameter in detecting glaucoma because glaucoma can cause the cup to get bigger and result in an enlarged CDR. We have received a Class II medical device registration certificate from the Shanghai branch of the NMPA in June 2020. We have started commercialization of glaucoma detection SaMD for a short period of time and began to generate revenue from our glaucoma detection SaMD since February 2021.

How It Works

The workflow of our glaucoma detection SaMD consists of four steps. First, retinal images are collected and uploaded to back-end server. Second, our deep learning algorithms will extract certain features of retinal images and automatically select the optic disc region. Third, our segmentation algorithms will calculate the radius of the optic disc to select the region of interest by determining boundaries of the optic disc and the cup. Fourth, based on the boundary of the optic disc and the cup, we will measure the CDR to assess the progression of glaucoma.

Market Opportunity and Competition

Glaucoma refers to optic nerve damage caused by pathological high pressure in the eye. It is one of the leading causes of blindness for people over the age of 45. The number of patients with glaucoma in China grew from 18.1 million in 2015 to 20.0 million in 2020 and is expected to reach approximately 23.0 million in 2030. Many forms of glaucoma have no early symptoms until the gradual effects cause vision loss and cannot be reversed. Early detection could slow or prevent vision loss caused by glaucoma. The current approach for detecting glaucoma is complex, costly and time-consuming, which involves manual evaluation of the optic nerve head, visual field testing, and intraocular pressure measurements. The assessment of glaucoma is highly dependent on the physician, considering the variability of early symptoms of glaucoma. There is a significant unmet need for accurate and reproducible quantitative evaluation to detect changes due to glaucoma that is beyond normal age-related loss and short-term and long-term fluctuations. AI-based detection SaMD could help objectively and quantitatively detect glaucoma at its early stages.

Our Advantages

- *High accuracy and objectivity.* Our AI-based glaucoma detection SaMD measures CDR on retinal images and potentially reduces the variation on CDR measurement. Physicians estimate CDR using outlines of the cup and optic disc which is typically less accurate than measurement using our software. More accurate CDR measurement enables physicians to provide more accurate and objective diagnoses.

- *Highly efficient.* Compared to the conventional approach where a physician examines the outlines of the cup and optic disc and estimates the scale of cup manually, our software can directly and automatically measure the diameter of the cup and the optic disc and conduct quantitative analysis on the CDR, which is more efficient.

- *Easy to use.* Our glaucoma detection SaMD is easy to use, enabling physicians to rely less on experience and training to generate the CDR to assist physicians in early detection of glaucoma.

- *Editable and traceable analysis process.* Our glaucoma detection SaMD can automatically identify, mark and measure outlines of the cup and optic disc, which is also editable by operators, and generate CDRs in real time. Compared to other glaucoma detection SaMD that only displays CDR results, ours offers an editable and traceable analysis process with more flexibility and reliability.

Next Steps

We have obtained a Class II medical device registration certificate in June 2020 from the Shanghai branch of the NMPA. We are marketing and will continue to market our glaucoma detection SaMD to ophthalmology departments of hospitals, ophthalmology specialist hospitals and community clinics.

Cataracts Detection SaMD

Our cataracts detection SaMD is designed to detect early symptoms of cataracts by measuring the density of the lens of the eye. We had submitted the Class II medical device registration certificate application for our cataracts detection SaMD in April 2021.

Cataracts is a common eye disease that causes the lens to become cloudy or opaque, which will result in decreased vision. The lens of the eye, which is the transparent, flexible tissues located directly behind the iris and the pupil, focuses light on the retina, which sends the image

through the optic nerve to the brain. If the lens is clouded by cataracts, it can no longer focus light properly and causes vision problems. An increase in lens density is an indicator of cataracts disease progression.

How It Works

The workflow of our cataracts detection SaMD consists of four steps. First, anterior segment images are collected through a slit lamp camera, where our cataracts detection SaMD is installed. Second, the ophthalmologists will manually select the lens area and the nuclear area. Third, our algorithms will calculate the average lens density and nuclear lens density. Our cataracts detection SaMD is built to correlate lens density value with the Lens Opacification Classification System III (LOCS III), a well-recognized grading system from one to six. The larger the number, the more severe the cataracts. Fourth, our software will identify referable cataracts based on etiology and severity.

Market Opportunity and Competition

Among age-related eye diseases, cataracts are the leading cause of vision impairment, causing 1.2 million vision impairment cases in China in 2020, according to Frost & Sullivan. With the aging population in China, the number of cataracts patients reached 151.5 million in 2020 and is expected to increase to 237.6 million in 2030 in China. However, a substantial proportion of cataracts remain undiagnosed with a diagnosis rate of less than 23% in China in 2020. Though surgery may be an effective way to treat cataracts, the surgery is expensive with an average cost of approximately RMB7,000 per patient.

To date, cataracts are diagnosed by physicians using slit-lamp bio-microscopy and graded according to established clinical scales such as LOCS III. Slit-lamp bio-microscopy requires extensive clinical expertise and therefore poses a significant challenge, particularly in rural areas where there is a shortage of trained ophthalmologists. Furthermore, subjective grading is subject to human error. Along with the growing disease burden, there is an imperative need for an automated, efficient and high performance cataracts detection method to address existing limitations and reform approaches in cataracts detection.

Our Advantages

Our cataracts detection SaMD has the following advantages:

- *Easy to use.* Our cataracts detection SaMD is easy for ophthalmologists to use. Ophthalmologists will only need to select the lens area and nuclear area while our AI-based software will analyze the retinal images and grade on the LOC III scale. This lowers the reliance on ophthalmologists' manual detection, which requires extensive training and experience.

- *Accurate detection.* Our cataracts detection SaMD is an accurate and objective method to detect cataracts. The conventional approach of cataracts detection is time-consuming and cataracts severity diagnosis is subject to ophthalmologists' judgment. Our software has been trained to measure various indicators through histogram analysis results and we believe it conducts more accurate, data-supported grading, which helps physicians detect early symptoms of cataracts.

- *Objective grading system.* To grade the severity of cataracts, an ophthalmologist typically follows standardized but subjective grading systems. Subjective grading systems possess an inherent limitation where grading results may vary among ophthalmologists. Through the quantitative measurement of lens color and turbidity, our software assists ophthalmologists and medical personnel to detect and grade cataracts based on LOCS III in a standardized and scalable way.

Material Communications and Next Steps

We had submitted the Class II medical device registration certificate application to Shanghai branch of the NMPA for our cataracts detection SaMD in April 2021. As of the Latest Practicable Date, there had not been any material communication between us and the NMPA with respect to our cataracts detection SaMD. We aim to market our cataracts detection SaMD to ophthalmology departments of hospitals, ophthalmology specialist hospitals and community clinics.

Other SaMDs for Detection and Diagnosis

We are developing five other SaMDs for detection and auxiliary diagnosis, covering ICVD and ASCVD, gestational diabetic retinopathy, gestational hypertensive retinopathy, papilledema intracranial hypertension retinopathy and anemia based on our AI-empowered retina-based early detection, diagnosis and health risk assessment technology platform.

ICVD and ASCVD are the most common types of cardiovascular diseases and are risk indicators for other types of cardiovascular diseases. Traditional evaluation approaches to detect and diagnose ICVD and ASCVD are intrusive, costly and time-consuming, requiring blood samples to analyze levels of glucose and blood lipids to detect and evaluate the disease. Our AI-empowered detection and diagnosis solutions not only offer non-invasive, accurate, fast, effective and scalable evaluation of ICVD and ASCVD through retinal imaging, but also provide cardiovascular health risk analysis.

Gestational diabetes and gestational hypertension are complications of pregnancy that are becoming more common. Women with gestational diabetes are at higher risk of health problems, including high blood pressure, preeclampsia (a sudden, serious increase in blood pressure), and even birth defects in the baby. Gestational diabetic retinopathy is the most common complication for pregnant women with gestational diabetes or gestational hypertension. We plan to apply for a medical device registration certificate from relevant authorities for each of our SaMD for detection and diagnosis. We plan to commence the clinical trial for our gestational diabetic retinopathy and gestational hypertensive retinopathy solutions in late 2024 and apply for an updated registration approval from the NMPA in early 2026.

Papilledema intracranial hypertension retinopathy is one of the major symptoms of intracranial hypertension diseases, including cerebral hemorrhage, head trauma, cerebral edema and meningitis. These conditions will cause papilledema, which refers to optic disc swelling and blurred vision caused by increased intracranial pressure. Traditionally, patients with intracranial hypertension are treated in the neurosurgery department, where papilledema is not a symptom that is typically considered, which could leave the symptom undiagnosed. Our AI-empowered detection and diagnosis solutions can offer neurology, neurosurgery and emergency treatment departments a non-invasive, automated and highly efficient solution to facilitate the detection, diagnosis and timely treatment of papilledema.

Anemia is a condition in which a person has a low healthy red blood cell count or the low hemoglobin and cannot carry adequate oxygen through the body. Hemoglobin is a major protein in red blood cells and a low level of hemoglobin will hamper the ability of blood to carry oxygen and may cause anemia. Symptoms of anemia include fatigue, weakness and shortness of breath. Currently, anemia is diagnosed through a blood test to count the number of red blood cells and the concentration of hemoglobin. Our AI-empowered anemia detection software enables estimation of hemoglobin levels based on retinal images in a fast and highly-effective way.

Health Risk Assessment Solutions

During the Track Record Period, we marketed AI-based health risk assessment solutions to a wide range of customers in various healthcare environments, including community clinics, health checkup centers, insurance companies, optometry centers and pharmacies. Our health risk assessment solutions aim to provide basic health assessment to users and enable detection of risk indicators, including retinal abnormalities, retinal vascular diseases, vitreous abnormalities, retinal tumors, optic nerve pathologies, macular diseases, congenital anomalies of the retina, cardiovascular diseases and anemia. Our health risk assessment solutions are different from our SaMDs for detection and diagnosis in terms of indications as well as sales and marketing strategies. Unlike Airdoc-AIFUNDUS which is indicated for auxiliary diagnosis of diabetic retinopathy, hypertensive retinopathy, retinal vein occlusion, AMD, pathological myopia and retinal detachment and can be primarily marketed to medical institutions, including hospitals, community clinics and health checkup centers, our health risk assessment solutions cover various disease areas and are primarily marketed to healthcare providers, including health checkup centers, community clinics, insurance companies, optometry centers and pharmacies. As advised by our PRC Legal Advisors, unlike our SaMDs for detection and diagnosis, our health risk assessment solutions are not regulated as medical devices and no clinical trial, clinical evaluation or regulatory approval is required before commercialization of our health risk assessment solutions. We plan to expand the coverage of diseases and lesions of our health risk assessment solutions to include hyperthyroidism, graves ophthalmopathy, retinal vein occlusion, dementia, Parkinson's disease, atrial fibrillation and arteriosclerosis, among others. According to the Guiding Principles of the Classification of Artificial Intelligence Medical Software Products (《人工智能醫用軟件產品分類界定指導原則》) the Regulation on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》), an AI-based SaMD is regulated as a medical device if it is used to process, measure, calculate and analyze the data generated from medical devices for medical purposes, such as diagnosis or treatment, and therefore needs regulatory approval before the marketing and sales of such product. Our health risk assessment solutions are designed to be used for health management in the consumer healthcare environment and are not used for medical purposes in medical institutions, such as diagnosis or treatment. Based on the above, our PRC Legal Advisors are of the opinion that our health risk assessment solutions will not be regulated as medical devices pursuant to the relevant PRC laws and regulations, and as a result, unlike our SaMDs for detection and diagnosis, no clinical trial, clinical evaluation or regulatory approval is required before commercialization of our health risk assessment solutions.

Health risk assessment is a white space market due to difficulties in predicting risks of developing a chronic disease compared to detection or diagnosis of an existing disease. As chronic disease prevalence in China continues to rise, demand for health risk assessment by healthcare providers and the public is growing rapidly. We have adapted our health risk assessment solutions to meet the unique needs of different healthcare customers, including health checkup centers,

insurance companies, optometry centers and pharmacies. To ensure and monitor the proper use of our health risk assessment solutions, we provide various after-sales service including customer services and technical supports. For details, see "— Sales and Marketing — After-sale Service." In addition, if the information and retinal images uploaded to our software cannot meet our requirements for assessment, the software program will not proceed further in order to ensure output quality.

Our health risk assessment solutions integrate our software with hardware developed by us or third parties. Retinal images captured using fundus cameras are automatically uploaded to the cloud. The cloud platform is supported by public cloud services provided by well-known cloud service providers. For details, see "— Our Portfolio — SaMDs for Detection and Diagnosis — Airdoc-AIFUNDUS — Our Core Product — How It Works." Our AI algorithms then analyze the images for various risk indicators, and a report is generated with risk assessment results. In 2019 and 2020 and the six months ended June 30, 2020 and 2021, our health risk assessment solutions generated revenues of RMB21.9 million, RMB42.8 million, RMB6.0 million and RMB39.1 million, respectively.

Market Opportunity and Competition

Chronic diseases, such as cardiovascular diseases and diabetes, are rising in prevalence in China. Early detection, diagnosis and ongoing disease management are critical to controlling chronic diseases, increasing the demand for effective chronic disease management. AI-based health risk assessment solutions provide analysis on early signs and symptoms that may indicate chronic disease risk, which is a function that is in high demand and can be applied in different healthcare environments by businesses such as health checkup centers, insurance companies, optometry centers and pharmacies.

Health checkup centers offer routine checkups to detect potential chronic diseases and/or medical conditions. However, many health checkup centers need to conduct a large number of tests for comprehensive screening. Our health risk assessment solutions address the needs of health checkup centers for comprehensive, accurate, fast and highly-effective health checkup products that cover multiple diseases and lesions. Our solutions enable health risk assessment with only one quick shot of retina which is relatively low-cost and non-invasive, enabling health checkup centers to provide high-quality services and increase testing capacity.

The insurance industry involves numerous manual tasks such as customer acquisition, risk evaluation and claims processing. Leveraging AI technologies, insurance companies can optimize services and lower costs, accelerate processes and make better decisions. In particular, AI-based health risk assessment solutions could assist insurance companies to understand their customers' health conditions more accurately and efficiently. As chronic disease prevalence rises, insurance companies have a growing need to identify chronic disease risk factors, provide health management advice, offer customized insurance products and provide adequate protection.

Optometry centers in China are gradually enhancing their service capabilities to offer value-added services, such as health risk assessment, especially for vision-related health risks, to consumers and therefore have a significant need for early detection solutions to support their growing service portfolio. As of December 31, 2020, there were over 34,800 branches of optometry centers in China, according to Frost & Sullivan. AI-based health risk assessment products could provide a comprehensive analysis of customers' retinal environment and identify risk factors that may lead to impaired vision, which help optometry centers raise awareness for eye health, especially in younger populations.

We believe the 554,000 retail pharmacies in China are poised to become the landing point for various healthcare services in the healthcare ecosystem, gradually playing an important role in providing accessible and affordable healthcare as health management and telemedicine services increase. Pharmacies utilize AI-based health risk assessment solutions to help raise awareness for chronic diseases, provide continuous health management solutions and enhance its competitiveness and service capabilities. As their role in healthcare evolves, pharmacies will have a growing need for AI-based software solutions to support their operations.

Our Advantages

Our health risk assessment solutions have the following advantages:

- *Broad disease coverage.* Our deep learning algorithms are designed to predict multiple risk factors using retinal image analysis. Our health risk assessment solutions can detect risk indicators, which are one of the most comprehensive on the market.

- *Powerful and industry-leading algorithms.* The accuracy of our health risk assessment solutions is measured by area under the curve (AUC), which measures the ability of the algorithm to distinguish between positive and negative cases. The higher the AUC, the better the algorithm. Our health risk assessment solutions have an average AUC of 0.968, measured on large-scale real-world user data, demonstrating accuracy compared to ground truth established by real-life medical experts' diagnoses. In cardiovascular health risk assessment, we believe our solutions also outperformed the accuracy of products published in academic papers.

- *Outstanding real-world results.* Our health risk assessment solutions have been widely deployed in many healthcare environments. In 2020, our solutions detected 2,664,398 cases and identified 328,564 cases, or 12.3% of positive features and 22,291 cases, or 0.8% of severe or urgent health problems. Our health risk assessment solutions have provided valuable health risk evaluation results to users and significant commercial value to consumer healthcare providers to meet their business needs.

Proprietary Hardware Devices

We also have three in-house developed fundus cameras, which received a Class II medical device certificate or expect to receive Class II medical device certificate, compatible with our auxiliary diagnosis SaMDs and health risk assessment solutions, which enable us to provide integrated healthcare solutions that combine hardware and software. No clinical trial is required for the Class II medical device certificate of such hardware devices. Together with our software products, our hardware devices are powered by on-device AI technologies such as speech recognition, speech synthesis and computer vision and can successfully address pain points of existing fundus cameras on the market at a fraction of the cost.

Our AI-FUNDUSCAMERA-P is a portable, automatic and self-service fundus camera that can easily apply to any healthcare environments, which is a breakthrough innovation from existing fundus cameras. Our products are operator-free and can complete the retinal image capture automatically while traditional fundus cameras require professionals to operate. We received a Class II medical device certificate from the Shanghai branch of the NMPA for our AI-FUNDUSCAMERA-P in March 2021 and had commenced commercialization since then.

Our AI-FUNDUSCAMERA-D is a fully automatic and fully self-service desktop fundus camera with comparable image quality but significantly lower costs than traditional high-end desktop fundus cameras. Its infrared imaging and low-light enhancement technologies facilitate the capture of high-quality images. Our AI-FUNDUSCAMERA-D was in the research and development stage as of the Latest Practicable Date and we plan to apply for a Class II medical device registration certificate in the second quarter of 2022.

Developed based on AI-FUNDUSCAMERA-P and AI-FUNDUSCAMERA-D, our AI-FUNDUSCAMERA-M is a multimodal health scanner integrated with more biosensors that enable it not only to capture retinal images but also other physiological data, such as electrocardiograms, blood oxygen and blood pressure. The collection of multimodal physiological data serves as the foundation of our AI-based health risk assessment solutions. We expect to apply for a Class II medical device registration certificate for our AI-FUNDUSCAMERA-M in the fourth quarter of 2023.

OUR TECHNOLOGIES AND PLATFORM

Our proprietary AI-empowered retina-based early detection, diagnosis and health risk assessment solutions, which are driven by AI deep learning algorithms, comprehensive and high-quality database and highly efficient and mature AI engineering infrastructure, has the potential to continuously broaden its application in the diagnosis of a wide range of chronic diseases.

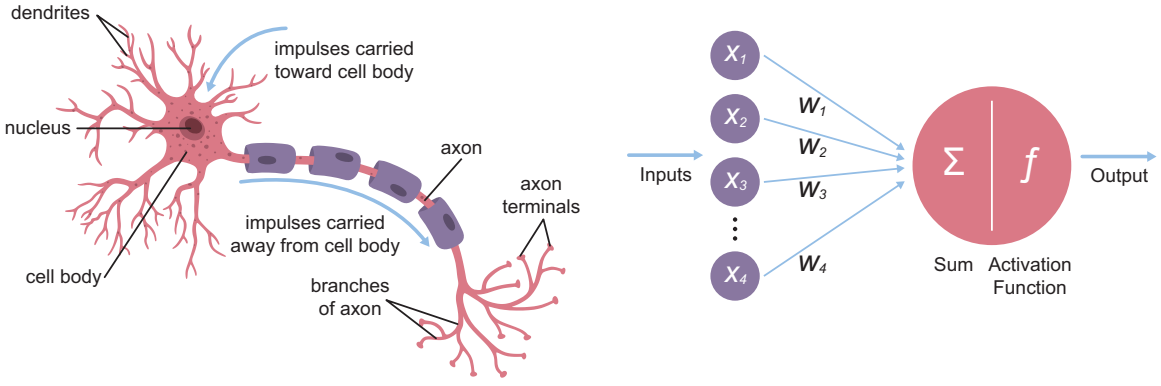
Our Deep Learning Algorithms

Deep learning is a type of algorithms developed to perform intelligent tasks, in our case, the early detection and diagnosis of chronic diseases, by mimicking the neuronal connectivity of the human brain. Humans rely on their nervous system to learn from experience, perceive their surroundings, and react appropriately. The nervous system consists of interconnected neurons among other supporting cells. Neurons are the basic unit of the nervous system and generate electrical signals called action potentials, which allow them to quickly transmit information throughout the brain. When a neuron receives incoming signal, it processes it to determine whether or not to pass it along. The human brain consists of 60 to 80 billion neurons, which work together to process complex sensory input to generate intelligent responses.

Deep learning algorithms mimic the mechanism of neural activity by building a network of artificial neurons with trainable behavior. Depending on their parameters, artificial neurons process the input signals through computing units which amplify, suppress or mix input signals and generates the output signals.

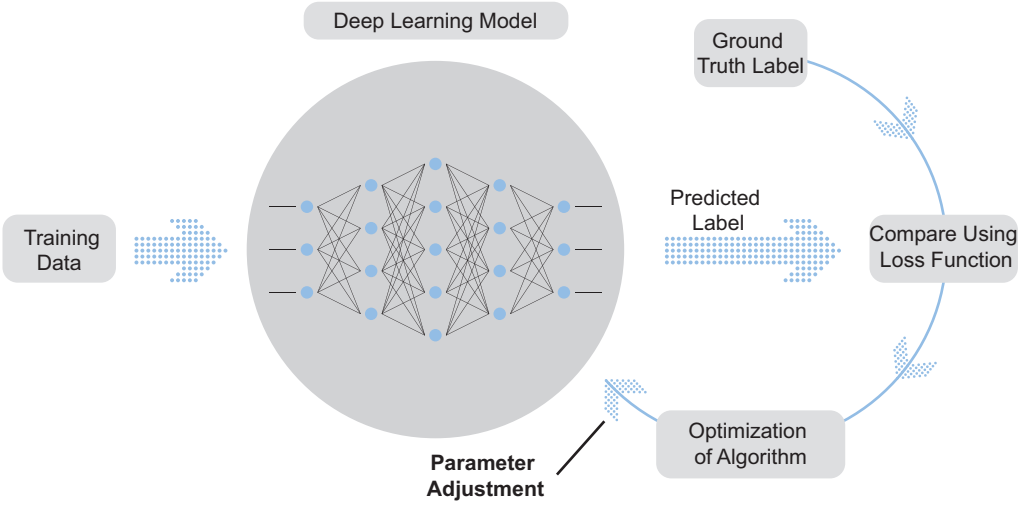
Carefully developed schemes of connectivity and computation enable these artificial neural networks to learn to carry out highly complex computations, such as the generation of highly accurate detection and examination results from retinal image inputs. In a nutshell, deep learning's artificial neural network is a very complex computation network or equation which processes input data such as images, generates a computational result, and the result can be used as a classification decision, including whether the image shows a certain chronic disease such as diabetic retinopathy.

Biological Neuron versus Artificial Neural Network

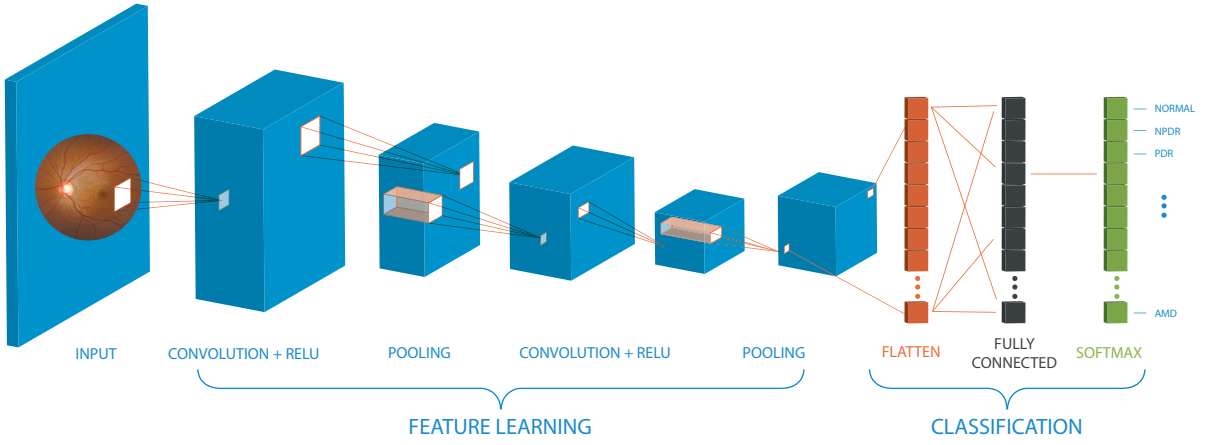


Our development of deep learning algorithms involves two major phases: design and training. Design is to build the architecture of the computation network, including the number of layers, number of nodes in the layers and connectivity among nodes. However, designing the architecture does not determine the internal parameters of the computation network, such as how much the algorithm amplifies, suppresses or mixes a signal in the network. Training is where we decide the values of those parameters by learning from human-labeled training data.

In training, training data such as retinal images are first labeled as different classes, such as being healthy or having diabetic retinopathy, by human experts as ground truth labels. Next, the computation network runs a forward pass through the data, predicting labels for the training data. Such predictions are then compared against the ground-truth labels in the data, and an error signal is generated through a loss function. This error is then propagated back through the network, and parameters are adjusted using a chosen optimization algorithm in order to reduce the same error in the future. This training process must be repeated many times until a good or good enough set of parameters is discovered. After training, the parameters are fixed and the computation network with fixed parameter values becomes the final deep learning model, which would be used in deep learning inference.



Deep learning inference is where a trained deep learning model is used to process input data such as retinal image, compute via the computation network, and make a prediction and decision such as whether the input image shows diabetic retinopathy. Unlike training, the inference stage does not include back-propagation and parameter-tuning. In this stage, the deep learning model is deployed to make predictions or decisions on real-world data. The trained deep learning model will deduce a conclusion from the input data using the computation network.

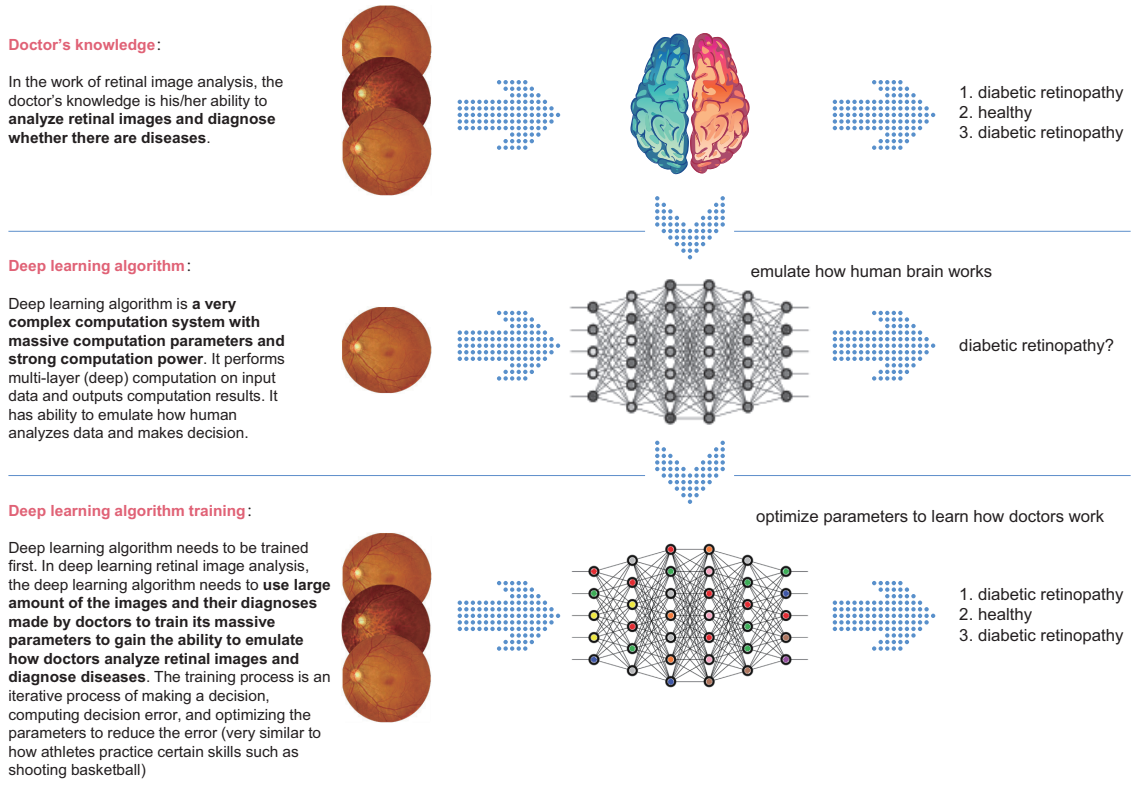


Applications of deep learning in retinal image analysis include disease classification, lesion detection, lesion segmentation and health risk assessment. Considering the complexity of the problems, we have developed over 50 deep learning algorithms to cover a comprehensive range of diseases, lesions and health risks. The training process involves feeding algorithms the retinal images labeled by medical experts, computing the predicted result using our computation network, comparing the predicted results with human labels and adjusting the parameters to minimize prediction errors. After being exposed to numerous labeled retinal images, the algorithm generalizes and learns to predict certain chronic diseases accurately using a computation network which represents the mathematical relationships between input data and predicted results.

Our Database

The database serves as the foundation for our deep training algorithms to accurately pinpoint conditions related to chronic diseases. Large and rich sets of data are required for the training, validating and testing of deep learning algorithms. We set up our database based on initial data collected from public database and research and development collaborations. We have developed one of the largest retinal image databases in the world through research and commercial collaboration. In training our deep learning models to accurately pinpoint disease-related conditions, our database enables the continued optimization of our existing algorithms and the continued development of new algorithms that target new indications. Our data diversity is leading in the industry, comprehensively covering ages, genders, demographics, commercial channels, medical device models and diseases. We have also developed data sets for different healthcare environments, such as early detection, diagnosis and health risk assessment, to meet the needs of

our customers. Our database includes approximately 3.7 million real-world user retinal images with their corresponding multimodal data and cross-labeled by hundreds of medical experts, enabling us to perform more in-depth medical AI research and development and to build and enhance our deep learning algorithms.



* *computer-generated, for illustration purpose only*

Our Engineering Infrastructure

Our engineering infrastructure is the building block on which our deep learning algorithms are developed, tested, evaluated and deployed. It supports every stage of our deep learning workflows by enabling our developers and engineers to manage data resources, develop deep learning algorithms and deploy deep learning models. The engineering infrastructure supports algorithm design, algorithm training, data labeling, data management, data ingestion, model testing and verification, model deployment, model inference, and service monitoring.

Our deep learning algorithm training system uses deep learning training frameworks to train and optimize our algorithms to analyze medical images, addressing various pain points in algorithm optimization. Due to the complexity of analyzing various chronic diseases and lesions, our powerful training system was built to support six programming languages and be compatible with five different machine learning frameworks.

We have established a highly secure and efficient private data lake system, a big data analysis system and a data syncing system, which are critical to our ability to manage and analyze real-world data to rapidly train and optimize our deep learning algorithms in near real time.

We have also developed a highly efficient and comprehensive deep learning inference platform to streamline our deep learning model optimization, protection, deployment, management and monitoring, to process retinal image inputs from users, and support synchronistic computing across over 50 deep learning models and 300 deep learning model instances.

RESEARCH AND DEVELOPMENT

We focus on developing AI-empowered and retina-based technology to enhance our existing pipeline and to provide comprehensive and multi-faceted high-quality AI-based solutions for chronic disease early detection and diagnosis. We believe that our success has depended on and will continue to depend on, to a large extent, our ability to develop new or improved AI-empowered retina-based early detection, diagnosis and health risk assessment solutions. To that end, we have primarily focused our efforts on developing deep learning algorithms, processing and labeling medical data, developing engineering infrastructures for algorithm training and data analysis, and developing technologies for our hardware devices. We incurred research and development expenses of RMB41.2 million, RMB42.3 million, RMB17.2 million and RMB24.0 million in 2019 and 2020 and the six months ended June 30, 2020 and 2021, respectively.

We are one of the few in the industry that offer solutions that integrate hardware, software, algorithms and services together as one product. While our AI-based SaMDs are compatible with various fundus cameras on the market, we believe that our in-house developed hardware devices powered by on-device AI technologies provide an improved user experience, better algorithm optimization with our software, seamless end-to-end performance and cost-effectiveness that make us the solution-of-choice to customers. We plan to constantly develop and upgrade our algorithms to address industry pain points, such as increasing screening efficiency, improving diagnosis accuracy and covering more health risks. We are developing algorithms and models for applications that currently do not use AI technology to improve accuracy and efficiency and reduce costs. We are also developing different types of hardware solutions tailored for each medical institutions and consumer healthcare environments, as well as constantly updating the technologies used in and process for manufacturing our fundus cameras to reduce costs.

Research and Development Team

Our research and development team has accumulated substantial industry experience and is the foundation of our success. As of the Latest Practicable Date, our R&D team consisted of over 80 members, all of whom hold bachelor's or higher degrees. Our R&D team has experience in AI-technologies and medicine with a full spectrum of expertise across deep learning, medicine, computer vision, data analytics, Internet service, medical devices, biology and other disciplines.

Our research and development team is led by Dr. He Chao and Dr. Chen Yuzhong. Dr. He Chao, our chief technology officer, brings approximately 20 years of software development, algorithm design and hardware development experience and owns over 30 U.S. or EU patents or patent applications in these areas. He has led the development of our deep learning algorithms, which laid the foundation for the development of our Airdoc-AIFUNDUS. Dr. Chen Yuzhong, our chief medical officer, has approximately 20 years of frontline experience applying technology to clinical practice, including in Grade IIIA hospitals. See "Directors, Supervisors and Senior Management — Senior Management."

Our in-house R&D team is further divided into the following functional departments: (i) business application department, which is responsible for the development of detection, diagnosis and health risk assessment solutions; (ii) algorithm and data department, which is responsible for the development of algorithms and data platform; (iii) hardware department, which is responsible for the development of industrial design, mechanical structure, optical design, firmware system, algorithms and application of our hardware devices; (iv) efficiency and quality management department, which is responsible for test and quality, data and feedback collection, process and efficiency, security and compliance; (v) product registration team, which is responsible for product registration related work such as registration test, clinical trial and registration application; and (vi) medical research team, which is responsible for researching new applications of AI technology in medical field.

We have entered into confidentiality, non-compete and intellectual property ownership agreements with our employees, 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.

Our R&D Process

We have established and strictly followed an internal protocol that governs the design, development and test of our algorithms, software and hardware. Our R&D team is in charge of our entire research and development process. To ensure compliance and highly efficient registration and commercialization, employees from different departments, covering registration, medical and sales teams, are also deeply involved in the research and development process.

Our design and development process of our algorithms and software is summarized as below:

- *Product proposal application and review.* The product team prepares a project proposal report, collects and analyzes the customers' needs. The heads of sales, operations and medical departments are required to attend the product proposal meeting and provide their opinion in terms of market needs, operational feasibility, medical science and clinical value.

- *Product design and development.* The product team designs the product candidate in terms of function, performance, usability and safety requirements, at the same time lists the development and delivery timeline. Data labelling is an important step of our algorithms design and development, which serves as the foundation for the continued training and optimization of our deep learning algorithms. See "— Our Technologies and Platform — Our Database." Our R&D team will set the scope, tools, methods and procedures used in data labelling, and we will then engage external medical experts to cross-label the data. Deep learning algorithm design is another important task. We will analyze the problem and design a deep learning algorithm for it. The design of deep learning algorithm includes division of data into training, verification and test subsets, design of data augmentation, design of neural network's architecture and selection of hyper-parameters for training. After deep learning algorithm design the next step is deep learning algorithm training. In training, massive amount of labeled data is fed into the deep learning algorithm to help algorithm learn from the data and converge to a deep learning model which will be used to analyze input images and make decision or prediction for the image. Responsible personnel at every stage of the project design and development should review and analyze the design of the project candidate to ensure its feasibility. After completing the review, our research and development team will develop the product candidate according to the design plan. Otherwise, the design shall be revised and reviewed again.

- *Delivery and validation of design and development.* The product candidate will be delivered to a testing team, which will conduct tests on the product candidate's functions and overall performance. We will conduct an internal review of the product candidate in terms of research and development, sales, marketing, customer services, medical and legal departments. We may also invite third-party experts to conduct an external review, which enables us to continue to optimize the product candidate, and ensures its compliance with the prescribed application and clinical evaluation.

- *Verification and registration of the product.* We will initiate clinical trials and various registration-related work streams if required before the launch of our product. For details, see "— Clinical Trials" below.

We adopt a similar internal protocol for the design and development process of our hardware devices.

External Collaborations

We have currently established research and development collaborations with various reputable universities and hospitals for scientific research.

We have partnered with renowned universities and hospitals on joint research projects and technology development. Under our partnership, we are generally responsible for AI-related research, such as developing algorithms. In general, each party remains the sole owner of its pre-existing intellectual property rights and will own inventions created or conceived solely by its own employees in its respective activities. Typically, we and the partner jointly own any inventions created or conceived jointly. As of the Latest Practicable Date, we were involved in nine academic research projects organized by the Ministry of Science and Technology, National Natural Science Fund or Shanghai governmental authorities with reputable universities and hospitals.

We have entered into strategic collaborations with hospitals with the goal of co-publishing academic papers in prestigious scientific journals and applying for patent applications. As of the Latest Practicable Date, we entered into six strategic collaborations with reputable hospitals in relation to academic activities. We also entered into collaborations with hospitals in relation to certain AI-related detection and diagnosis technology projects. In general, any intellectual property developed during the course of collaboration shall be jointly owned by our collaboration partners and us, and each hospital we partnered with is entitled to publish academic papers using the study results in its own name upon our written approval. As of the Latest Practicable Date, we had partnered with 11 reputable hospitals in relation to studies about AI-based detection and diagnosis technology. Leveraging these collaborations, we have co-published four papers on respected scientific journals such as the British Journal of Dermatology.

Relationship with KOLs

We also collaborate with KOLs in different departments in hospitals, such as ophthalmology departments, endocrinology departments and cardiovascular departments, as well as KOLs in the health management field during our research and development. We maintain continuous communications with reputable KOLs on our latest research and development progress. When selecting KOLs, we will consider their reputation and influence in the industry, and their willingness to promote the development of AI-based retinal imaging medical device industry. We have maintained a good relationships with our KOLs. Furthermore, we participate in and present our solutions and technologies in multiple industry conferences.

CLINICAL TRIALS

We conduct clinical trials for our product candidates, when required by the relevant laws and regulations, in order to obtain the requisite regulatory approvals. In addition, robust clinical data are an important marketing tool for increasing credibility for our brand and products. Our clinical trial team of a product consists of a product manager as well as personnel from medical and registration departments. Our medical and registration personnel will be responsible for selecting CROs, and we are deeply involved in every stage of the progress of the clinical trials.

Collaboration with Clinical Trial Institutions

We collaborated with reputable clinical trial institutions, which are mainly hospitals, to conduct clinical trials. When selecting clinical trial institutions to conduct our clinical trials, we will consider their qualifications and their reputation and influence in the industry. After determining clinical trial institutions, we prepare a clinical trial protocol draft, and then discuss with the researchers of the selected clinical trial institutions about the feasibility of the clinical trial protocol. The clinical trial protocol will be submitted to the clinical trial institutions' ethics committee for its review before we commence our clinical trials. Any changes to the clinical trial protocol and informed consent are required to be submitted to the clinical trial institutions' ethics committee for its review or approval. After receiving approval from the ethics committee, we will deliver the clinical equipment and provide trainings to clinical trial institutions and researchers in these clinical trial institutions, which will then commence the enrollment of patients. Pursuant to the agreements with the clinical trial institutions, they are required to conduct the clinical trial, collect data, issue clinical trial reports at the end of clinical trial strictly in accordance with the protocol, and keep trial records, including medical images collected during the clinical trials, after the end of the trial within the period indicated in the Good Clinical Practice for Medical Devices (《醫療器械臨床試驗質量管理規範》) (the "**GCP**"). In addition, we will require clinical trial institutions to obtain consent from enrolled patients for using patients' personal information, mainly retinal images, during the clinical trials. In return for the clinical trial institutions' services, we make scheduled payments as agreed in the agreements. As advised by our PRC Legal Advisors, clinical trial institutions are responsible for the storage of clinical trial data and records (including processed and unprocessed) pursuant to the GCP. Besides, according to the clinical trial agreements we have entered with the clinical trial institutions and our internal policies, we only have limited access to the clinical trial results and do not store the patients' retinal images collected during the clinical trials. We have adopted various measures to ensure our compliance to the applicable laws and regulations including (i) stringent de-identifying procedure; (ii) obtaining patients' consent in advance; and (iii) strictly following permissible uses as stated in clinical trial consent forms.

Relationships with CROs and CRCs

We collaborate with reputable CROs and CRCs to support our clinical trials. When selecting CROs and CRCs, we consider a number of factors according to our internal control policies, including their qualifications, their past experience in AI-related clinical trials, track record, their

reputation and influence in the industry and professional experience of their employees. We closely monitor our CROs and CRCs to ensure their practices comply with all applicable laws and regulations as well as follow our protocols, which in turn protects the integrity and authenticity of the data of our clinical trials and studies.

After we select a CRO to support our clinical trial, we and the CRO will sign an agreement, which sets out the purpose and content of the clinical trial, responsibilities of each party, research procedures and payment schedule. We will provide the product candidates for the clinical trial, while CROs will assist us in completing each step of the clinical trial. For example, the CRO is typically responsible for reviewing the clinical trial protocol and informed consent forms, assisting us in providing training to relevant researchers, establishing and managing the database, collecting case reports, and issuing the clinical trial reports. In return for their services, we make scheduled payments as agreed upon. Under the agreements, we own all intellectual property and trial results and the CRO must maintain strict confidentiality with respect to the information they acquired during clinical trials.

We also engage CRCs to support researchers and ensure the quality of our clinical trials and compliance with relevant regulatory requirements throughout the execution of the clinical trial at trial sites. CRCs are not our employees. We typically engage third-party CRCs from reputable service providers. We engaged CRCs for our clinical trial for Airdoc-AIFUNDUS (1.0) from a CRC service provider which has served more than 700 clinical trial institutions and has been involved in clinical trials for more than 60 types of drugs or medical devices developed by listed companies. We engaged CRCs for our clinical trial for Airdoc-AIFUNDUS (2.0) from another CRC service provider which has served more than 100 institutions and has been involved in various clinical trials using AI-based medical imaging technology. We and the CRCs will sign a service agreement which sets out the appointment of CRCs, responsibilities of each party and payment schedule. Our CRCs' work scope mainly includes managing clinical trial operations in accordance with standard operating procedures, assisting clinical data collection and input and, coordination with the trial researchers, among others. We typically assign a project manager for a trial site to oversee all work streams, or assign a CRC for a trial site to coordinate with working parties during the clinical trial. Pursuant to the service agreements, our CRCs are required to strictly follow the clinical research plan and our requirements. Under the agreements, we own all intellectual property and trial results and the CRCs must maintain strict confidentiality with respect to the information they acquired during clinical trials.

DATA PRIVACY AND PROTECTION

Data Collection

We have approximately 3.7 million real-world user retinal images with their corresponding multimodal data in our database which can support our further research and development work in the next a couple of years and we believe this database will continue to grow. Among our database, approximately 27% was collected in 2021, 38% of was collected in 2020, 23% was collected in 2019, 8% was collected in 2018, and 4% was collected in 2017 or before. Our

database is not designated for single indication and could support our further research and development work for indefinite years, primarily because (i) the 3.7 million retinal images were not mutually exclusive for different indications, which had been cross-labeled by physicians for multi indications. It could be used repeatedly for the training of algorithms of new indications; (ii) the current 3.7 million retinal images had only been labeled for certain diseases and lesions. We will continue to have physicians review and label these retinal images for new indications and develop algorithms based on new multi-model data; (iii) we have set the research and development plan for the next five years to focus on research and development of certain new indications. Some of algorithms and models such as for image classification, object detection and semantic segmentation that we have developed for our Airdoc-AIFUNDUS are shared among our software products and we believe that the database could support our research and development work for the next three to five years; and (iv) we will continue to collect retinal images directly from individuals or indirectly through business partners. Such retinal images will become the new source of our current database and provide support for further research and development work.

We collect and obtain consent from individuals directly or through our business partners for using individuals' personal information, mainly their retinal images, during our provision of AI-based solutions. We determine whether to directly collect retinal images or collect through our business partners, primarily taking into consideration whether business partners have internal individual user data management system. Some business partners have their own individual user data management system, and therefore it is more efficient to have them provide de-identified retinal images to us. While some customers only maintain contact information of individual users and we will collect retinal images directly and de-identify such retinal images before further analysis and research and development. As confirmed by our PRC Legal Advisors, pursuant to current applicable PRC laws and regulations, ownership of personal information has yet to be defined. We do not own the data collected from individuals directly or through our business partners but enjoy certain utilization rights in relation to such data such as using and analyzing such data for algorithm development, which are protected by the relevant PRC laws and regulations.

Direct Collection

We directly collected the retinal images by having the individual users scan our QR code. We provide our QR code to certain customers, which will show our QR code to individual users during their daily business operations and marketing activities. Individual users will scan our QR code, read the notes, give their consents to the collection and use of their retinal images, fill in some basic information, such as gender and age, in order to access to testing. We will directly send the electronic assessment reports to individual users. According to the applicable PRC laws and regulation, our private policy and software usage agreements we entered into with individuals, we will bear the legal liabilities pertaining to our products and arising from data leakage as a result of our failure to fulfill the data policy when we collected data from individuals directly.

Collection through Business Partners

We also collect retinal images through our business partners, such as check-up centers, optometry centers and clinical partnered hospitals. We have entered into agreements, of which the term generally ranges from one to three years, with our business partners which include terms that such business partners should generally be responsible for (i) obtaining and collecting retinal images from individual in accordance with applicable laws, regulations and industry standard. In particular, the business partners will legally obtain effective consent from individuals for the collection, utilization and storage of their respective retinal images; (ii) de-identifying such retinal images after collection to remove certain personal information such as name and contact information of individuals; and (iii) transferring de-identified retinal images to the Company in accordance with applicable laws, regulations and industry standard. These retinal images will be used within the scope stipulated in the agreements such as further research and development activities. We will not pay our business partners separately for collecting such de-identified data as the collection of retinal images is the prerequisite for us to conduct analysis through our software products and further provide the electronic assessment reports to our business partners. For example, we entered into collaboration with clinical trial institutions, under which we will deliver the clinical equipment and provide trainings to clinical trial institutions and researchers in these clinical trial institutions, which will then commence the enrollment of patients, while clinical trial institutions are required to conduct the clinical trial, collect data, issue clinical trial reports at the end of clinical trial strictly in accordance with the protocol, and keep trial records. Therefore, we will not pay clinical trial institutions separately for collecting such de-identified data, which serves as the basis of our collaboration. For details of our collaboration with clinical trial institutions, see "— Clinical Trials — Collaboration with Clinical Trial Institutions." We will send the electronic assessment reports to our business partners, who will then send the reports to individual users. According to the individual agreements we have entered with our business partners, either our business partners alone, or our business partners and us will respectively bear the legal liabilities arising from data leakage. When our business partners and us respectively bears such liabilities, each of our business partners or us bears the legal liabilities, to the extent of the party is being at fault or negligence. For example, we will bear the legal liabilities arising from data leakage if our employees fail to comply with our internal data protection regime and intentionally reveal the data to third parties, or we fail to manage our data storage system properly. Such data will be de-identified, and we will use these data consistently with the consents obtained.

As confirmed by our PRC Legal Advisors, 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 on the basis that (i) we had obtained consent before collecting individuals' personal information, (ii) we used such individuals' personal information consistently with the consents obtained, (iii) we adopt various measures to protect such data from misusing, leaking and attacking, (iv) there is no cross-border data transmission in our operations, and (v) we entered into agreements with our business partners in relation to the responsibilities and legal liabilities we and our business partners bear about data protection.

Our Data Protection Policies

We have established strict data protection policies to ensure that the collection, use, storage, transmission and dissemination of data are in compliance with applicable laws and prevalent industry practice. All data used and kept during our business operation are divided into different levels of confidentiality. We adopt comprehensive management measures for labeling, storing, printing, transferring and approving procedures for our data according to the level of its confidentiality.

We have also established internal systems to safeguard data we obtained, including customer data we collected during the provision of our solutions and our collaboration with business partners. Our internal policies towards data protection primarily include (i) data de-identification. Such data should be processed to remove personal identifiers; (ii) data encryption. Such data should be encrypted during its transferring and storing; (iii) data isolation. Such data should be physically and logically isolated from other data in the system; (iv) moving restriction. Such data should not be moved from isolated area; (v) access management. Only authorized employees are allowed to access such data through designated reviewing process, and the accessing of the data would be recorded for further monitoring. We set a white list which only permit authorized employees to access to our system from very few eligible internet protocol addresses to further enhance the protection of the data. Any change of the access granting should be approved by our chief executive officer; (vi) data usage limitation. Such data should only be used in agreed ways; (vii) utilization minimization, we follow the data utilization minimization principle as set out in our internal policies, according to which we will not store or utilize unnecessary data. We conduct regular check on data storage, according to which we will transfer temporarily useless data to mass storage devices, and delete useless data in a timely manner. We also review and determine whether to keep each data when update our software and hardware devices; and (viii) life cycle management. Data collected through our business partners can be set with a life cycle by our business partners, and any expired data will be permanently and irrevocably removed in our system only in accordance with the life cycle set by our business partners. Retinal images in our 3.7 million database are either directly collected by us or indirectly collected through our business partners, all of which have been de-identified. We or our business partners have obtained consents from individual users for using such data for further research and development. All of the 3.7 million retinal images in our database are without life cycles and will not be deleted. Except for that, we also have retinal images stored in another temporary data storage system that are carried with a life cycle set by our business partners which generally ranges from one day to one year and will be deleted in due course upon our business partners' requests. As of the Latest Practicable Date, we had approximately 65 thousand retinal images stored in such temporary data storage system. For these retinal images that have been set with a life cycle by our business partners, we are able to conduct further research and development work through online learning. In online learning, we can leverage data with life cycle to improve our algorithm. For example, once our retinal image analysis service finished processing the retinal image, our online learning system would check whether the image is compatible for our model improvement. If the image can be

used for our model improvement, our model training system would use such image to train our model. The training system will repeat such training process for several times to further adjust and improve our model and each process only takes a couple of seconds. Such deleted data will not be used and cannot be used in our training of algorithms going forward since they have been completely deleted from our system. However, our Directors are of the view that such life cycle management did not and will not have a material impact on our training of algorithms as we have a large, comprehensive, and high-quality retinal image database which includes real-world user retinal images with their corresponding multimodal data of approximately 3.7 million. We also adopt another program to regularly check and alert the removing of any expired data. All employees who have access to customer data are required to strictly follow our above-mentioned internal policies.

We have established the Data Security Committee to supervise the implementation of our data protection policies. Our chief technology officer is responsible for the overall management of data protection. Our Data Security Committee conducts monthly reviews on our database and data reviewing records. We also engage third parties to conduct regular reviews and penetration tests to ensure our implementation of data protection policies. During the Track Record Period, we had not experienced any material issues during such third-party reviews and penetration tests.

Our Data Protection Solutions

To achieve our goals towards data protection, we adopt advanced technologies which ensure the implementation of data protection policies. We have developed systems, namely AirDataLake, AirDataBus and AirDataFlow, to maintain and protect our data. Our AirDataLake system aims to achieve backup management, standardized and centralized storage and flow tracking of our massive data. Our AirDataBus system aims to achieve real-time syncing of data from different sources to AirDataLake system for storage, management and protection. Our AirDataFlow system aims to organize our data for different applications and manage them in accordance with our internal data protection policies. Leveraging these systems, we are able to achieve orderly, efficient and comprehensive protection of our data.

In addition, we have adopted a data safe house structure in accordance with the EU General Data Protection Regulation and the relevant data protection laws and regulations in the PRC to ensure the data from customers and third parties are well protected and can only be used under the restricted circumstances as set out in our internal policies. There will be no more than two employees who are allowed to access customer data at the same time. They are allowed to review data only through designated reviewing process, and the accessing of the data would be recorded for further monitoring. Leveraging our data safe house structure, customer data will be stored physically and logically isolated. The boundary between customer data and other operational data

provides a safe house for storing customer data. Customer data is not allowed to be moved out from the safe house and will be deleted pursuant to the designated life cycle according to applicable laws and regulations.

We are awarded as the Intelligent Medical Image (Ophthalmic) Demonstration Base by the National Engineering Center of Science and Technology Information. Our comprehensive data protection system complies with ISO/IEC 27001 international standards and we have obtained a Grade III registration certificate for Graded Protection of Information System Security (信息系統安全等級保護(三級)備案證明) from the local public safety authority. Pursuant to the Administrative Measures for the Graded Protection of Information Security (《信息安全等級保護管理辦法》) and the Information Security Technology — Measures for the Graded Protection and the Guidelines for Grading of Classified Protection of Cyber Security (《信息安全技術 — 網絡安全等級保護定級指南》) (the "**Guidelines for Grading**"), the operator of an information system shall determine the security protection grade of the information system, and report the grade to the relevant department for stringent examination and approval. Operator is required to submit materials covering various aspects in relation to security technology and security management, including but not limited to security protection design scheme to obtain such approval. Pursuant to the Guidelines for Grading, the grading of the classified protection of the information systems are determined based on two elements, namely what can be affected and how serious the consequences would be, if the information systems are damaged. For details, see "Regulatory Overview — Regulations on Health Big Data and Information Security and Data Privacy — Regulations on Information Security and Data Privacy." Having passed the stringent examination and approval and obtained such Grade III registration certificate demonstrates our capabilities in information and infrastructure security.

Other Measures in Relation to Data Protection

We emphasize compliance, fairness and transparency of our data protection. Any collection, usage and management of data shall be in compliance with the applicable laws and regulations, as well as industry standards and practice. Reaching an agreement of data collection, usage and management with our business partners and customers are of top priority before we enter into collaborations.

We partnered with external experts to label data for retinal image analysis to train our algorithms. Although these external medical experts are not our employees, we have entered into labor service agreements with them in relation to providing data labelling services to us, which contain confidentiality and non-competition clauses. During the clinical trial, we have limited access to clinical trial results and we protect these data in compliance with the applicable laws and regulations. In addition, under our collaboration agreements with third parties, such as clinical trial institutions, CROs and CRCs, we also require them and their employees to protect the privacy of

the enrolled subjects and prohibit unauthorized disclosure of relevant data. The collaboration agreements typically specified the requirements and obligations on data collection, data provision, data protection and data usage.

We have entered into confidentiality agreements with and provided training in relation to our data protection policies for our employees.

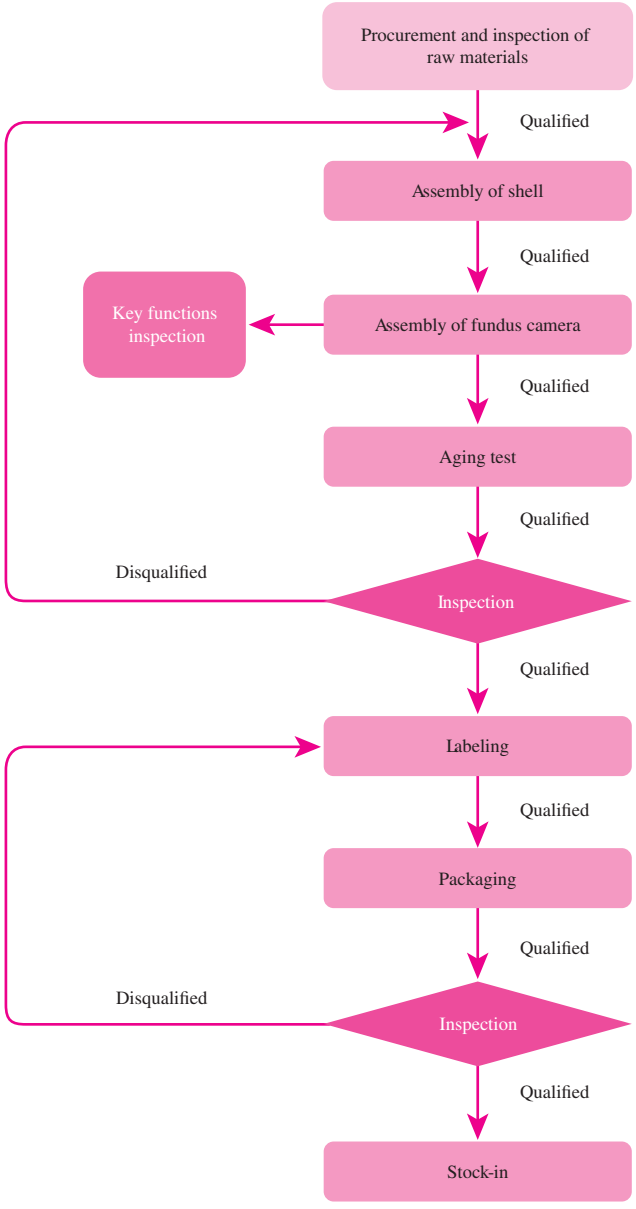
Recently, there are some updates to the PRC laws and regulations in relation to data privacy and cybersecurity, such as the Data Security Law of the PRC (《中華人民共和國數據安全法》), the Measures for Cybersecurity Review (《網絡安全審查辦法》), the Administrative Provisions on Security Vulnerability of Network Products (《網絡產品安全漏洞管理規定》), the State Council promulgated the Regulations for Safe Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) and the Personal Information Protection Law (《個人信息保護法》) ("**Recent Updates**"). For details, see "Regulatory Overview — Regulations on Health Big Data and Information Security and Data Privacy — Regulations on Information Security and Data Privacy." We have implemented a series of measures to ensure that our collection, use, storage, transmission and dissemination of data are in compliance with applicable laws and prevalent industry practice. Besides, we engage external experts to regularly evaluate our internal policies and measures to ensure our compliance with the relevant laws and regulations including the updates to the PRC laws and regulations. Our Director confirmed, as advised by our PRC Legal Advisors, there were no incidents where we had obtained retinal images from business partners without the relevant consent from the relevant individuals during the Track Record Period and up to the Latest Practicable Date, and we had not been the subject of any review, enquiry, or investigation by any PRC regulatory authorities in relation to cyber security or data protection during the Track Record Period and up to the Latest Practicable Date. Our PRC Legal Advisors are also of the opinion that our operations are in fully compliance with applicable laws and regulations (including Recent Updates) in their current form, and the Recent Updates had no impact on our operations owing to the fact that the Company adopted measures in response to the Recent Updates and some laws and regulations were not applicable or had not came into effect. However, we may still subject to certain risks in relation to the heightened regulations and market scrutiny, see "Risk Factors — Risks Relating to Extensive Government Regulations — Our business is subject to a variety of laws, rules, policies and other obligations regarding data protection. Any losses or unauthorized access to or releases of confidential information and data could subject us to significant reputational, financial, legal and operational consequences."

MANUFACTURING

We do not operate any manufacturing facilities. We started pilot production of our AI-FUNDUSCAMERA-P in March 2020 to conduct quality and durability tests and commenced large-scale commercial production of it in April 2021. We did not generate revenue from such pilot production. We received a Class II medical device certificate from the Shanghai branch of the NMPA for our AI-FUNDUSCAMERA-P in March 2021. As advised by our PRC Legal Advisors, pilot production is only for validation, registration and research, rather than for sales. Therefore, such pilot production does not constitute a violation of the relevant PRC laws and regulations. We

engaged OEM service providers to manufacture our hardware devices. We have adopted procedures to ensure that the production qualifications, facilities and processes of these OEM service providers comply with the relevant regulatory requirements and our internal guidelines. We select our OEM service providers by reviewing a number of factors, including their qualification, expertise, technologies and equipment. We had no difficulty engaging OEM service providers during the Track Record Period and believe alternative OEM service providers that are able to provide similar quality of supplies at similar terms are readily available in the market.

The following diagram illustrates the production process for our fundus camera:



We purchase raw materials for the production of our self-developed fundus cameras, such as plastic molds, metal components and PCBA. Such fundus cameras are produced in factories operated by these OEM service providers. Pursuant to our agreements with these OEM service providers, they are responsible for assembling and ensuring the compliance with regulatory standards. We typically will decide whether to accept the supply upon inspecting and examining the products and pay the OEM service providers after the receipt and inspection of products. In general, OEM service providers will provide complimentary after-sales services to us within the warranty periods, except for those whose warranty periods have expired, in which case they may charge a service fee for the cost of their repair services.

SALES AND MARKETING

Our portfolio of AI-empowered retina-based early detection, diagnosis and health risk assessment solutions, including our Core Product Airdoc-AIFUNDUS, have potentially broad applications and coverage of a wide range of chronic diseases. Given the broad range of healthcare environments that can use our products, we have developed a flexible and multi-channel sales and marketing strategy to cover various commercialization pathways, which, we believe, will enable us to rapidly penetrate the market.

During the Track Record Period, we primarily marketed and provided our solutions in a variety of healthcare environments, including hospitals, community clinics, health checkup centers, insurance companies, optometry centers and pharmacies. We intend to continue to offer our health risk assessment solutions, as well as commercialize our SaMDs, in hospitals, community clinics and health checkup centers. As of the Latest Practicable Date, we had just started commercialization of our Airdoc-AIFUNDUS (1.0) for a short period of time and we had marketed and provided our Airdoc-AIFUNDUS (1.0) to 23 hospitals and three community clinics in China.

Our Sales Model

We had established a sales network, covering 28 provinces in China as of the Latest Practicable Date. During the Track Record Period, we primarily offered our customers integrated solutions of software and hardware. We may from time to time provide our SaMDs to customers who already have compatible hardware devices and charge them separately, to promote our penetration in market.

In 2019 and 2020 and the six months ended June 30, 2021, we generated revenues of RMB27.8 million, RMB45.8 million and RMB46.5 million, respectively, from direct sales, representing 91.5%, 96.1% and 94.0% of our total revenue during the same periods. We also generated a very small amount of revenue of RMB2.6 million, RMB1.9 million and RMB3.0 million, respectively, through distributors, who in turn sold our solutions to end customers, in 2019

and 2020 and the six months ended June 30, 2021, representing 8.5%, 3.9% and 6.0% of our total revenue during the same periods. According to 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》) issued by eight government departments including the CFDA on December 26, 2016, "Two Invoice System" will typically apply to the distributorship to medical institutions. For details, see "Regulatory Overview — Laws and Regulations Relating to Medical Devices — Two Invoice System." During the Track Record Period, almost all of our revenue were generated from direct sales. Going forward, we may engage distributors to assist us in providing our Airdoc-AIFUNDUS (1.0) to hospitals. Our Directors are of the view that the Two Invoice System did not and will not have material impact on our business and operations, primarily because (i) the implementation of the "two-invoice system" is still at an early stage, and the interpretation and enforcement of such system in the medical device industry are evolving and subject to uncertainty; (ii) we expect to sell our solutions to various provinces in China, while only a very limited number of provinces have implemented the "two-invoice system." As of the Latest Practicable Date, Pricing Guidance of fundus image analysis in large populations had been issued by local governmental authorities in five provinces, pursuant to which Airdoc-AIFUNDUS (1.0) can be utilized. We plan to assist hospitals to seek the inclusion of Airdoc-AIFUNDUS (1.0) in the Pricing Guidance in most provinces in China after 2023. For details, see "— Our Sales Strategy" below; and (iii) according to our distributors management policies, our distributors are required to obtain a written consent from us prior to engaging sub-distributors and ensure that sub-distributors are in compliance with our policies and requirements.

The following table sets forth a breakdown of our revenue by type of end customer for the period indicated.

	Year Ended December 31,				Six Months Ended June 30,			
	2019		2020		2020		2021	
	(RMB'000, except for percentages)							
Medical institutions[(1)]	13,968	45.9%	22,801	47.8%	3,441	52.8%	10,349	20.9%
Consumer healthcare environments[(2)]	14,182	46.6%	23,580	49.5%	2,574	39.5%	38,844	78.5%
Others[(3)]	2,265	7.5%	1,291	2.7%	496	7.6%	284	0.6%
Total	30,415	100.0%	47,672	100.0%	6,511	100.0%	49,477	100.0%

(1) Including community clinics and health checkup centers.

(2) Including insurance companies, optometry centers and pharmacies.

(3) Primarily including health management companies.

(4) We also sold our Airdoc-AIFUNDUS (1.0) and glaucoma detection SaMD to hospitals in the six months ended June 30, 2021.

Direct Sales

Key terms of our service agreements with customers to which we directly provided our health risk assessment solutions are summarized as follows:

- *Term.* Our sales agreement with our customers generally has a term of one to three years.

- *Delivery.* We are generally responsible for arranging delivery of the hardware devices used with our SaMDs to the address provided by our customers. The costs and risk of loss of the delivery are generally borne by us.

- *Installment, debugging and training.* We are responsible for installing and debugging our SaMDs and providing professional training to employees of our customers.

- *Payment and credit term.* We grant credit terms to our customers on a case-by-case basis based on our assessment.

- *Termination.* The agreement can be terminated by either party when the breaching party fails to correct its breach of the agreement.

- *After-sale services.* We generally provide after-sale services, including remote training, remote technology support, software upgrade and onsite maintenance.

Sales to Distributors

During the Track Record Period, we also engaged a limited number of distributors to expand the breadth and depth of our sales network. As of December 31, 2019 and 2020 and June 30, 2021, we had engaged a total number of five, 16 and 32 distributors, respectively. During the Track Record Period and up to the Latest Practicable Date, all of our distributors were Independent Third Parties, and none were controlled by our current or former employees or had received any material advance or financial assistance from us.

We are highly selective in the distributors we engage. Our sales and marketing department is responsible for selecting new distributors. We seek to select distributors with valid licenses, well-established sales channels, wide coverage of customers and solid relationships with hospitals, among others. We enter into agreements with distributors with a term typically for one to three years, pursuant to which we are generally responsible for arranging delivery of the hardware devices used with our SaMDs to the address provided by our distributors. The costs and risk of

loss of the delivery are generally borne by us. We are generally responsible for providing professional training to employees of our distributors. Distributors are responsible for providing our solutions to our end customers, as well as conducting marketing and promotion activities for our solutions.

Our Sales Strategy

Medical Institutions

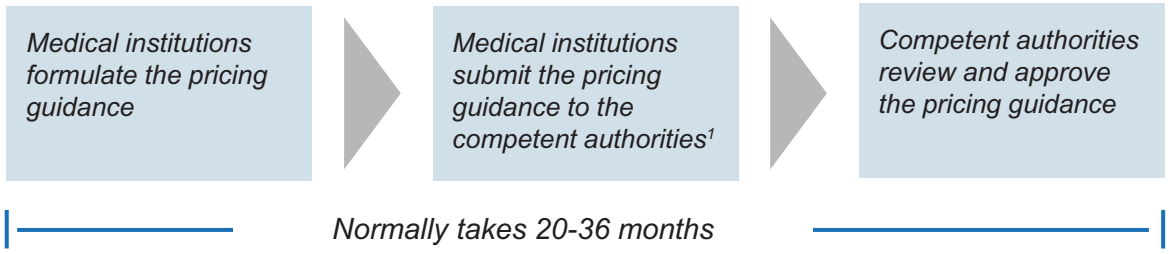
Our Airdoc-AIFUNDUS (1.0) is indicated for the auxiliary diagnosis of diabetic retinopathy. Airdoc-AIFUNDUS (2.0) is designed for the auxiliary diagnosis of hypertensive retinopathy, retinal vein occlusion and AMD. Airdoc-AIFUNDUS (3.0) is designed for the auxiliary diagnosis of pathological myopia and retinal detachment. We plan to promote our Airdoc-AIFUNDUS to medical institutions to assist physicians with medical diagnoses and target patients with chronic diseases mentioned above. We received the Class III medical device registration certificate from the NMPA for Airdoc-AIFUNDUS (1.0) in August 2020 and we had just started commercialization of our Airdoc-AIFUNDUS (1.0) for a short period of time. We plan to rapidly advance the penetration of Airdoc-AIFUNDUS to hospitals in China. For community clinics and health checkup centers, we also market our health risk assessment solutions. We believe our sales strategies tailored for our customers enable us to increase the market penetration and expand our commercialization channels. For example, for our sales to hospital, we will seek to include Airdoc-AIFUNDUS (1.0) in the pricing guidance in most provinces in China, upon which hospitals can charge patients separately for such medical service. We plan to assist hospitals to obtain Pricing Guidance in Guangdong, Yunnan and Hubei provinces in the first quarter of 2022, the second quarter of 2022 and the fourth quarter of 2022, respectively, and seek the inclusion of Airdoc-AIFUNDUS (1.0) in the Pricing Guidance in most provinces in China after 2023. Currently none of our products and solutions are covered by the medical insurance reimbursement list in China. We do not expect our Airdoc-AIFUNDUS (1.0) to be included in the medical insurance reimbursement list in the short-to-mid-term.

Hospitals

China's medical device industry is highly regulated, including various rules and regulations regulating the administrative requirements for charging system of hospitals. Hospitals need to meet certain requirements before setting specific charging items for medical service, and we are dedicated to providing SaMDs to meet these requirements. A public hospital needs to apply for price determination of new medical service, which will then be included in its medical service catalogue, with the local governmental authorities, mainly local HSA. The governmental authorities will issue a pricing guidance (the "**Pricing Guidance**"), being a pre-requisite for the public hospitals to set specific charging items for such medical service and charge patients accordingly. The Pricing Guidance will set forth the suggested price of medical service or indicate

that hospitals are authorized to set the price for medical services independently. The determination of the price of medical service by various local HSAs can take long, especially for medical services utilizing innovative medical devices, such as Airdoc-AIFUNDUS, which do not have prior references for pricing.

The following diagram illustrates the process of applying such Pricing Guidance:



Notes:

1. Competent authorities are usually provincial level health commission and/or HSA, which may vary in different provinces or cities.

2. The timeline of approval for medical device pricing guidance varies in different provinces in China, and the government does not release how long the procedure will last.

Such Pricing Guidance is not a pre-condition for us to sell and negotiate price of Airdoc-AIFUNDUS with hospitals. However, Pricing Guidance is able to help hospitals to make efficient decisions in the bidding/tender process because hospitals can more easily evaluate the return on investment with the specified price for such medical service, which we believe will largely facilitate our entrance into hospitals. To better market our Airdoc-AIFUNDUS (1.0) in hospitals, we plan to assist hospitals to obtain relevant Pricing Guidance. As of the Latest Practicable Date, Pricing Guidance of fundus image analysis in large populations had been issued by local governmental authorities in five provinces, including Hebei, Shandong, Shanxi, Anhui and Jiangsu provinces, pursuant to which Airdoc-AIFUNDUS can be utilized. We had marketed and provided our Airdoc-AIFUNDUS (1.0) to 23 hospitals and three community clinics in China. To date, two hospitals in Anhui have set the price for fundus image analysis at RMB140 and RMB180 per use according to pricing guidance issued in Anhui province, respectively. We plan to assist hospitals to obtain Pricing Guidance in Guangdong, Yunnan and Hubei provinces in the first quarter of 2022, the second quarter of 2022 and the fourth quarter of 2022, respectively, and seek the inclusion of Airdoc-AIFUNDUS (1.0) in the Pricing Guidance in most provinces in China after 2023. Currently, we are coordinating with medical institutions in Hubei province to initiate the pricing guidance application process, and have submitted relevant materials for authorities review and approval in Guangdong, Yunnan provinces.

Currently, none of our products and solutions are covered by the medical insurance reimbursement list in China. The governmental insurance coverage or reimbursement level in China for new medical devices varies from region to region and the ability of a product to obtain insurance coverage or reimbursement schemes is subject to uncertainty. We may need to lower the prices of our products to have them included in the medical insurance reimbursement list, see "Risk Factors — Risks Relating to Commercialization, Sales and Distribution of Our Products — Fluctuations, in particular, downward changes in pricing of our products may have a material adverse effect on our business and results of operation." We do not expect our Airdoc-AIFUNDUS (1.0) to be included in the medical insurance reimbursement list in the short-to-mid-term, on the basis that, according to Frost & Sullivan: (i) medical insurance focuses on providing affordable medical care to the wider population and only intends to include regular medical procedures that are largely used by hospitals. By comparison, the market of AI-based retinal imaging medical devices is at an early stage, with only a few market players in China. We are still in the process of raising awareness and market acceptance and expanding the number of hospitals that adopt AI-based retinal imaging medical devices, and (ii) as of the Latest Practicable Date, the AI-based retinal imaging medical devices were not covered by the medical insurance reimbursement list, and there were no known regulatory indications that AI-based retinal imaging medical devices will be covered by such list in the short-to-mid-term.

We will strategically explore and identify unmet medical needs in China and identify the addressable market for our products by leveraging our in-depth customer insights. Major factors we consider in prioritizing our coverage expansion including:

- *Patients flow.* We plan to initially target our sales and marketing efforts at major hospitals in China, which are reputable hospitals at the national or provincial level, and gradually expand our sales and marketing efforts to cover primary care providers. In recent years, the PRC government is promoting the development and efficient operation of the hierarchical diagnosis and treatment system under which chronic disease patients are encouraged to seek treatment in primary medical institutions. However, currently, most primary medical institutions (including Grade I and unrated hospitals as well as community clinics) lack the diagnosis capabilities for chronic disease.

- *The reputation of the physicians.* We believe if we can maintain good working relationships with these KOLs and physicians, and help them familiarize with our products; and if these KOLs and physicians formed positive opinions of our products, they may recommend our products when publishing articles, delivering speeches at industry conferences, or providing training to other physicians.

- *The reputation of the clinical departments and physicians.* We plan to provide our Airdoc-AIFUNDUS (1.0) to endocrinology and ophthalmology departments in hospitals. After we complete the development of Airdoc-AIFUNDUS (2.0) and (3.0), we plan to

further provide our Airdoc-AIFUNDUS to cardiovascular, ophthalmology and other departments in hospitals. We believe the proven attributes and benefits of our products in these industry-leading clinical departments will differentiate us from our competitors and help use increase presence in the market.

We will set up AI-empowered retina-based diagnosis workstations in influential hospitals and help physicians and patients gain familiarity with our Airdoc-AIFUNDUS (1.0) through demonstrations and presentations to increase the awareness of our Airdoc-AIFUNDUS (1.0) among physicians and patients. Such interactions with patients and physicians also enable us to obtain feedback on our product and deepen our understanding of the latest clinical needs, which will guide our further R&D activities. According to the latest Guidelines for the Prevention and Treatment of Type II Diabetes Mellitus in China (2020 Edition) (《中國2型糖尿病防治指南(2020版)》) released by the Chinese Diabetes Society, AI-based screening systems are expected to be important tools for diabetic retinopathy screening, diagnosis and follow-up in near future. Our Airdoc-AIFUNDUS (1.0) will be able to assist physicians in endocrinology departments and ophthalmology departments in hospitals to effectively and accurately diagnose diabetic retinopathy, being the foundation of further diagnosis and treatments.

We will have designated sales personnel to provide on-going promotion and communication to decision makers of our key customers, as well as provide training and operational support to physicians to increase acceptance and use of our SaMDs for detection and diagnosis and hardware devices. We plan to expand our sales and marketing team to over 200 members by recruiting team leaders and sales and marketing personnel with extensive industry knowledge and marketing skills to work towards full coverage of various medical institutions in China and build an experienced service team to provide pre-sale promotion and after-sale technical support. We generally require our sales and marketing personnel to have (i) bachelor's or higher degree in medicine; (ii) abilities of industry analysis and clinical training; and (iii) extensive working experiences in large medical device companies. According to Frost & Sullivan, there is an abundant talent pool of such talents in economically developed regions in China. We may also engage distributors to assist us in providing our Airdoc-AIFUNDUS (1.0) to hospitals. We also plan to participate in and sponsor industry-leading academic conferences and marketing activities, which we believe are key opportunities to present our products to industry participants and to enhance our market recognition. For details, see "— Marketing Strategy."

Community Clinics

Considering the huge needs for AI technology that can support physicians in a large number of community clinics, we believe we are able to provide our AI-based solutions to all departments in these community clinics. We plan to increase our penetration in such community clinics by leveraging our broad acceptance of our solutions by reputable hospitals, which are equipped with our SaMDs for detection and diagnosis, as well as our collaborations with local governmental authorities such as healthcare departments.

Health Checkup Centers

We currently market our health risk assessment solutions to health checkup centers and plan to market our Airdoc-AIFUNDUS (1.0) to health checkup centers as well in the future. We have a proven track record in helping our health checkup center customers differentiate themselves among their competitors by providing their end customers with innovation solutions for early detection and diagnosis of chronic diseases. We have worked with large-scale health checkup center chains in China, which enables us to rapidly expand our coverage to a large number of health checkup branches. For example, we began to work with iKang, a leading health checkup center chain in China since 2018. As of the Latest Practicable Date, we had implemented our AI-based health risk assessment solutions in over 140 iKang health checkup centers.

We plan to gradually expand our coverage to health checkup departments in public hospitals, which play an important role in the PRC health checkup industry. We believe this strategy enables us to be exposed to more health checkup branches and consumers. We plan to improve our market awareness and market reputation in health checkup industry by leveraging the acceptance of our solutions by reputable hospitals and our engagement with reputable KOLs in this industry.

Consumer Healthcare Environments

We plan to deepen our business relationships with existing consumer healthcare customers and continue to increase our geographical presence.

Insurance Companies

We plan to continue to market our health risk assessment solutions to, and establish stable business relationships with, large-scale and leading insurance companies to rapidly penetrate into their branches covering various provinces in China. For example, we have partnered with leading commercial insurance companies such as Ping An Insurance (平安保險), China Pacific Insurance (中國太平洋保險), China Life Insurance (中國人壽), Taiping Life Insurance (太平人壽保險) and New China Insurance (新華保險) to assist them in evaluating the health conditions of insurance applicants and insured members accurately and efficiently. For insurance companies that have seasonal or short-term needs for our AI-based health risk assessment solutions, we will provide flexible options with respect to the contract term, ranging from one month to years. We also plan to provide portable hardware devices used with our software to such insurance companies, which will enable insurers to provide health risk assessments to their end customers not only at their branches, but also during door-to-door visits. Leveraging data generated from our health risk assessment solutions, we plan to further expand the coverage of diseases and lesions of our health risk assessment solutions to help insurance companies understand their customers' health conditions and offer customized insurance products.

Optometry Centers and Pharmacies

As of December 31, 2020, there were over 34,800 branches of optometry centers and over 554,000 retail pharmacies in China, according to Frost & Sullivan. We believe optometry centers and pharmacies play an important role in providing accessible and affordable healthcare. Therefore, we market our health risk assessment solutions to optometry centers and pharmacies, especially to large-scale and leading optometry centers and pharmacies with a large end user base and wide branch coverage. We have partnered with leading optometry centers and pharmacies such as Nova Vision and Gaoji Health to provide a comprehensive analysis of their customers' retinal environment and identify risk factors that may lead to impaired vision through our health risk assessment solutions. Leveraging these collaborations, we will have access to millions of end-users, which will enable us to cross sell our solutions. We plan to further expand our collaborations with large-scale and leading optometry centers and pharmacies and increase our geographical presence.

To fulfill the different needs of various medical institutions and consumer healthcare environments, we provide different packages under our health risk assessment solutions. For example, customers can choose health risk assessment solutions analyzing different range of diseases and lesions. We are also able to provide value-added services such as bundling the access channel of our products with our customers' applications.

Marketing Strategy

We adopt an academic marketing approach to introduce our solutions to the market. Our marketing efforts are facilitated through both online platforms and offline channels to our existing customers and potential new customers. Our academic marketing and promotion activities primarily include participating in medical conferences and industry exhibitions, such as academic conferences organized by Chinese Medical Association and Chinese Medical Doctor Association. For example, to improve the awareness and clinical knowledge of physicians, we have participated in academic conferences, such as MICCAI and "301 Health Forum." In addition, we are exploring opportunities to collaborate with governments with respect to government-sponsored healthcare projects. We released the "First Retinal-AI Based Blue Paper on the Health of One Million Chinese Medical Examination Population (第一個基於視網膜人工智能評估的《百萬體檢人群健康藍皮書》)" together with iKang and National Science and Technology Information Resources Comprehensive Utilization and Public Service Center Ophthalmology Big Data Joint Laboratory in 2020. In addition, we plan to participate in government sponsored activities, such as the "Healthy China Action Plan (健康中國)" promoted by the National Health Commission of the PRC, to increase the awareness of the chronic disease early detection and management.

We also promote the awareness of our solutions through (i) providing training to our customers; (ii) partnership with hospitals and research institutions; and (iii) participating in the revision and update of the relevant industry standards. To increase awareness of our AI-empowered retina-based early detection, diagnosis and health risk assessment solutions, we provide training to

our customers regarding the use of our solutions through regular visits and communications, on-site demonstration and other activities. As we provide innovative solutions for the early detection and diagnosis of chronic diseases, physicians or other operators, such as sales in insurance companies, optometrists in optometry centers and sales in pharmacies, becoming more knowledgeable and experienced with our solutions will help us gain higher acceptance and adoption. Particularly, to help operators of our solutions to use our solutions smoothly and accurately, we provide various trainings, including trainings in relation to the operations of our products and trainings in relation the mechanism and other information of our products to these operators. We further provide trainings in relation to medical background and clinical procedures for using our SaMDs to physicians. As of the Latest Practicable Date, for each of our customers, we generally had provided such trainings to two to seven of its employees taking into account the needs of our customers and professional background. Furthermore, we actively participate in the revision and update of the relevant industry standards. For example, we actively provided our comments and feedback on the Guiding Principles for the Classification and Definition of AI-based Medical Software Products (Draft for comments) (《人工智能類醫用軟件產品分類界定指導原則》徵求意見稿) released by the NMPA in April 2021. As there are currently few industry standards and regulations in AI-based medical device industry, we believe participating in the revision and update of the relevant industry standards can not only help us better understand the regulatory trends but also improve our reputation in the market.

We will set up AI-empowered retina-based diagnosis workstations, which install our Airdoc-AIFUNDUS (1.0) and compatible hardware devices, in influential hospitals for purpose of being demonstration centers of our AI-empowered retina-based early detection, diagnosis and health risk assessment solutions. We believe these workstations will promote the research and development of our joint projects and technology development of AI-empowered retina based early detection, diagnosis and health risk assessment solutions. With the increasing familiarity of our products and technologies, we will hold academic conferences to enable our workstations serve as an effective platform for us to interact with medical practitioner to discuss pain points of the detection and diagnosis of chronic diseases, product innovation and solutions to medical needs. To date, we have set up nine workstations in leading hospitals in Beijing, as well as Jiangsu, Guangdong, Hubei and Jilin provinces.

Sales and Marketing Team

We had established an in-house sales and marketing team of 168 members as of the Latest Practicable Date to provide our customers with customized supports. Our sales and marketing team is divided into various functions covering different geographic regions and different channels. We provide our sales and marketing personnel with comprehensive training covering our corporate culture, product pipeline, medical theories, collaboration resources, sale procedures, price system and marketing system.

Pricing

For our provision of SaMDs or health risk assessment solutions, we charge our customers on a pay-per-use basis based on the actual amount of testing services we provided, or charge our customers a preset fee for a predetermined or unlimited amount of testing services during the subscription period pursuant to the service agreements with our customers. We generally set a fixed purchase price for each of our products sold in medical institutions or consumer healthcare environments, as applicable, and may offer certain discount for purchase of testing services in bulk. For our Airdoc-AIFUNDUS (1.0), we generally charge our customers for RMB40 to RMB70 per use and may offer certain discount for purchase in bulk. For our health risk assessment solutions, according to respective agreements we have entered into with our customers and our internal pricing policies, we generally charge our customers for RMB30 to RMB60 per use and may offer certain discount for purchase in bulk. Taking into account the various needs of different customers such as the duration of service, deployment requirements, hardware device preference, we may sell our SaMDs or health risk assessment solutions as a standalone product or as a bundle with hardware developed by us or third parties, which we believe will be flexible and be able to increase the satisfaction of our customers. There is no significant difference between the pricing for each of our products under the above-mentioned two packages.

The pricing of health risk assessment solutions takes into account various factors, such as our costs, target profit margins, spending power of our customers and their end-users, as well as prices of comparable solutions.

The pricing of our Airdoc-AIFUNDUS (1.0) takes into account various factors, such as our costs, target profit margins, our operational supports and maintenance services as well as adjusted by referring to the pricing guidance issued and estimation of the utilization rate of hospitals. As of the Latest Practicable Date, Pricing Guidance of fundus image analysis in large populations had been issued by local governmental authorities in five provinces pursuant to which Airdoc-AIFUNDUS can be utilized and we had marketed and provided our Airdoc-AIFUNDUS (1.0) to 23 hospitals and three community clinics in China. For details, see "— Our Sales Strategy."

During the Track Record Period, we also sold certain hardware devices, which are manufactured by third parties, to our customers. The pricing of hardware devices takes into account various factors, such as our costs, target profit margins, as well as prices of comparable products. We are making continued efforts to set the prices of such hardware devices to be competitive with other compatible hardware devices in the market through negotiation with third-party suppliers. In some cases, we charged customers certain fees when we act as an agent and purchase certain hardware devices according to our customers' requirements.

With respect to our other product candidates, we plan to make a detailed pricing strategy as they advance towards commercialization.

After-sale Service

To ensure and monitor the proper use of our early detection, diagnosis and health risk assessment solutions, we provide after-sale services including customer services and technical supports regarding our solutions. Our customers can file complaints and get supports through our customer service hotline. We did not receive any major customer complaints during the Track Record Period. To ensure the quality of after-sale services and user experience, we also provide training sessions to our customers and operators of our solutions through our sales and marketing personnel, who follow up after provisions of our solutions to collect feedback regarding our solutions and provide after-sale supports. These sales and marketing personnel are required to pass 39 internal exams including the product usage procedures and technical support, among others, before providing after-sale service. When we launch new products, we conduct extensive training to these sales and marketing personnel to ensure that they provide high quality after-sale service. Our sales and marketing personnel who are responsible for providing training and operational support to our customers and operators of our solutions on the use of our SaMDs have an average working experience of over ten years and extensive industry knowledge. We also provide instruction materials and 24-hour service hotline to support our customers, operators and end users of our solutions.

Product Warranty, Return and Exchanges

For our self-developed hardware devices, we generally provide a one-year warranty period from the delivery of our products, during which we will provide free repair services except for repairs for man-made damages or damages resulting from force majeure events. In general, we do not allow the return or exchange of our products. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material product return from customers.

OUR CUSTOMERS

During the Track Record Period, our customers are primarily hospitals, community clinics, health checkup centers, insurance companies, optometry centers and pharmacies, for which we primarily provided our Airdoc-AIFUNDUS (1.0), AI-based health risk assessment solutions and hardware devices. We typically enter into agreements for a term of one to three years with our customers and only grant credit terms to certain customers on a case-by-case basis based on our assessment. We have entered into framework agreements with our five largest customers during the Track Record Period, generally ranging from one to three years. For details of the key terms of our agreements with them, see "— Sales and Marketing — Our Sales Model — Direct Sales." We only began to commercialize our AI-based health risk assessment solutions in 2018 and therefore relied on revenue contribution from certain major customers during the Track Record Period. See "Risk Factors — Risks Relating to Commercialization, Sales and Distribution of Our Products — We rely on a limited number of major customers and there can be no assurance that these major customers will continue their purchases." As we increase market penetration of our AI-based health risk assessment solutions and expand our commercialization channels, we expect revenue

contribution from our five largest customers to our total revenue will decrease. We also seek to mitigate the risk of high concentration of customers through expanding our customer base and increasing the satisfaction of our customers to maintain our business relationship with existing customers.

Top Five Customers

The following table sets forth details of our five largest customers during the Track Record Period.

Customer	Background	Principal business	Services/Products provided	Credit terms	Commencement of business relationship	Revenue contribution	% of total revenue in same period
				(months)		*(RMB in thousands)*	
For the year ended December 31, 2019							
iKang Guobin Healthcare Group, Inc. (愛康國賓健康體檢管理集團有限公司).	Health checkup center	Hospital management; health check-up enterprise management; healthcare consultation	Provision of AI-based software solution and procurement services of hardware devices	4	2018	13,226	43.5%
Nova Vision (China) Group Co., Ltd.* (星創視界(中國)集團有限公司). . . .	Optometry center	Technology services, technology consultation and technology development in the field of optics, computer software and network technology; glasses and glasses accessories; optometry equipment	Provision of AI-based software solution and procurement services of hardware devices	N/A	2018	5,352	17.6%
Eli Lilly and Company	Pharmaceutical company	Drug manufacturing	Provision of AI-based software solution and software development services	2	2018	3,045	10.0%
Fellow subsidiaries of Ping An Healthtech.	Insurance company	Insurance enterprises for investment; insurance fund application business; approved insurance business	Provision of AI-based software solution	2	2019	2,675	8.8%
Aiqi (Shanghai) Enterprise Development Co., Ltd. (愛啟(上海)企業發展有限公司) .	Insurance agent	Technology development, technology transfer, technology consultation, technology services in the fields of health technology, education technology and the Internet of things technology; enterprise management; health consultation	Provision of AI-based software solution	2	2018	1,292	4.2%
Total.						**25,590**	**84.1%**

Customer	Background	Principal business	Services/Products provided	Credit terms	Commencement of business relationship	Revenue contribution	% of total revenue in same period
				(months)		*(RMB in thousands)*	
For the year ended December 31, 2020							
iKang Guobin Healthcare Group, Inc. (愛康國賓健康體檢管理集團有限公司).	Health checkup center	Hospital management; health check-up enterprise management; healthcare consultation	Provision of AI-based software solution and procurement services of hardware devices	4	2018	20,750	43.5%
Fellow subsidiaries of Ping An Healthtech.	Insurance company	Insurance enterprises for investment; insurance fund application business; approved insurance business	Provision of AI-based software solution	2	2019	9,922	20.8%
Nova Vision (China) Group Co., Ltd.* (星創視界(中國)集團有限公司	Optometry center	Technology services, technology consultation and technology development in the field of optics, computer software and network technology; glasses and glasses accessories; optometry equipment	Provision of AI-based software solution and procurement services of hardware devices	2	2018	6,055	12.7%
Pacific Medical & Healthcare Management Co., Ltd. (太平洋醫療健康管理有限公司). .	Insurance company	Management of social security and medical insurance as entrusted by relevant departments and institutions; hospital management consulting	Provision of AI-based software solution	2	2020	2,817	5.9%
Citic-Prudential Life Insurance Co., Ltd. (中信保誠人壽保險有限公司).	Insurance company	Life insurance, health insurance, accident insurance and other insurance businesses; re-insurance business of the above business	Provision of AI-based software solution	2	2018	1,254	2.6%
Total.						**40,798**	**85.5%**

Customer	Background	Principal business	Services/Products provided	Credit terms	Commencement of business relationship	Revenue contribution	% of total revenue in same period
				(months)		*(RMB in thousands)*	
For the six months ended June 30, 2021							
Pacific Medical & Healthcare Management Co., Ltd. (太平洋醫療健康管理有限公司). .	Insurance company	Management of social security and medical insurance as entrusted by relevant departments and institutions; hospital management consulting	Provision of AI-based software solution	2	2020	13,357	27.0%
iKang Guobin Healthcare Group, Inc. (愛康國賓健康體檢管理集團有限公司).	Health checkup center	Hospital management; health check-up enterprise management; healthcare consultation	Provision of AI-based software solution and procurement services of hardware devices	4	2018	9,325	18.8%
Nova Vision (China) Group Co., Ltd.* (星創視界(中國)集團有限公司	Optometry center	Technology services, technology consultation and technology development in the field of optics, computer software and network technology; glasses and glasses accessories; optometry equipment	Provision of AI-based software solution and procurement services of hardware devices	2	2018	9,070	18.3%
Fellow subsidiaries of Ping An Healthtech.	Insurance company	Insurance enterprises for investment; insurance fund application business; approved insurance business	Provision of AI-based software solution	2	2019	3,972	8.0%
Taiping Life Insurance Co. Ltd. (太平人壽保險有限公司) . .	Insurance company	Life insurance, health insurance, accident insurance and other insurance businesses; re-insurance business of the above business	Provision of AI-based software solution	2	2020	3,786	7.7%
Total.						**39,510**	**79.9%**

Except for fellow subsidiaries of our Shareholder, Ping An Healthtech, all of our other five largest customers during the Track Record Period are Independent Third Parties. Saved as disclosed above, as of the Latest Practicable Date, none of our Directors, their associates or any shareholders which, to the knowledge of our Directors, owned more than 5% of the issued share capital of the Company as of the Latest Practicable Date, had any interest in any of our five largest customers during the Track Record Period.

OUR SUPPLIERS AND PROCUREMENT

During the Track Record Period, our suppliers primarily consisted of (i) manufacturers of fundus cameras; (ii) OEM service providers and raw material providers for our self-developed hardware devices; and (iii) suppliers for other materials for production and testing services. Our principal suppliers usually provide us with credit terms of one month.

During the Track Record Period, we mainly provided hardware devices that work with our SaMDs through purchasing or leasing fundus camera from third-party providers. We engaged OEM service providers to manufacture our hardware devices. We also purchased raw materials for the production of our self-developed fundus cameras on an as-needed basis, such as plastic mold, metal components and PCBA. For details of the manufacturing arrangement, see "— Manufacturing." We primarily use a limited number of suppliers for our principal raw materials, although there are alternate suppliers available for most of such materials. Before we commenced large-scale commercial production of our AI-FUNDUSCAMERA-P in April 2021, we mainly relied on third parties for the supply of fundus cameras to be used with our software. For details, see "Risk Factors — Risks Relating to Our Operations — We rely on a limited number of suppliers for procurement of fundus cameras and our raw materials. A significant interruption in the operations of our suppliers could potentially affect our operations and any material misconduct or disputes against our suppliers could potentially harm our business and reputation." Because there are no significant difference in the performance of the fundus cameras in the market, we believe that adequate alternative sources for such supplies exist and we have developed alternative sourcing strategies for these supplies. We will establish necessary relationships with alternative sources based on supply continuity risk assessment. We have launched AI-FUNDUSCAMERA-P, and will gradually launch other self-developed fundus cameras going forward. Our hardware devices are powered by on-device AI technologies such as speech recognition, speech synthesis and computer vision and can successfully address pain points of existing fundus cameras on the market at a fraction of the cost, which we believe will be a better choice for our customers. As a result, we expect the concentration of our suppliers will decrease in the future. As of the Latest Practicable Date, our suppliers were generally based in China.

Top Five Suppliers

During the Track Record Period, our major suppliers primarily consisted of manufacturers of fundus camera and raw material providers. The following table sets forth details of our five largest suppliers during the Track Record Period.

Supplier	Principal business	Products purchased	Credit terms	Commencement of business relationship	Purchase amount	% of total purchases in same period
			(months)		*(RMB in thousands)*	
For the year ended December 31, 2019						
Supplier A	Medical devices production, operation and sales; import and export of goods; optical instrument manufacturing and sales	Fundus camera	N/A	2018	8,250	45.1%
Supplier B	Wholesale, import and export of medical devices and component	Fundus camera	N/A	2017	6,593	36.0%
Supplier C	Technology consultation and technology services in the field of biology and medicine; glasses; optical lenses; optical instruments; medical optical instruments; instruments and endoscope equipment; optometry equipment	Fundus camera	N/A	2018	1,249	6.8%
Supplier D	Sales and lease of medical devices, etc.	Fundus camera	N/A	2019	460	2.5%
Supplier E.	Research and development of health science projects; medical technology promotion services; data processing and storage services; medical research and clinical development; medical device operation	Ophthalmoscope	N/A	2019	320	1.7%
Total					**16,872**	**92.1%**

Supplier	Principal business	Products purchased	Credit terms	Commencement of business relationship	Purchase amount	% of total purchases in same period
			(months)		*(RMB in thousands)*	
For the year ended December 31, 2020						
Supplier A	Medical devices production, operation and sales; import and export of goods; optical instrument manufacturing and sales	Fundus camera	N/A	2018	8,169	25.0%
Supplier F.	Technology development, technology consultation and technology services of information technology, electronic products and computer software and hardware; technology development and sales of electronic components, integrated circuits, communication products and intelligent hardware products	PCBA	N/A	2019	5,557	17.0%
Supplier G	Lease of mechanical equipment; production and sales of hardware molds, hardware hinges, hardware accessories, plastic parts, rubber parts, insulating materials, electronic components, communication electronic products and automation equipment	Metal components	1	2019	4,242	13.0%
Supplier B	Wholesale, import and export of medical devices and component	Fundus camera	N/A	2017	2,637	8.1%
Supplier H	Operation of precision instruments and equipment, computer software and hardware, textiles and medical devices; production of medical devices; technology development, technology consultation, technology service and technology transfer in the field of precision instruments and computer software and hardware	Medical devices such as slit lamp	N/A	2019	2,378	7.3%
Total					**22,983**	**70.4%**

Supplier	Principal business	Products purchased	Credit terms	Commencement of business relationship	Purchase amount	% of total purchases in same period
			(months)		*(RMB in thousands)*	
For the six months ended June 30, 2021						
Supplier G	Lease of mechanical equipment; production and sales of hardware molds, hardware hinges, hardware accessories, plastic parts, rubber parts, insulating materials, electronic components, communication electronic products and automation equipment	Metal components	1	2019	3,086	18.5%
Supplier F	Technology development, technology consultation and technology services of information technology, electronic products and computer software and hardware; technology development and sales of electronic components, integrated circuits, communication products and intelligent hardware products	PCBA	N/A	2019	2,902	17.4%
Supplier H	Operation of precision instruments and equipment, computer software and hardware, textiles and medical devices; production of medical devices; technology development, technology consultation, technology service and technology transfer in the field of precision instruments and computer software and hardware	Medical devices such as slit lamp	N/A	2019	2,270	13.6%
Supplier I	Technology development, technology consultation and technology services of computer technology; research, production and sales of optical components, optical lenses, light sources, automation accessories, automation systems, machine accessories, imaging systems, industrial imaging, machine vision products, and optoelectronic products	Optical lenses	N/A	2019	1,833	11.0%
Supplier B	Wholesale, import and export of medical devices and component	Fundus camera	N/A	2017	1,690	10.1%
Total					**11,781**	**70.7%**

All of our five largest suppliers during the Track Record Period are Independent Third Parties. As of the Latest Practicable Date, none of our Directors, their associates or any shareholders which, to the knowledge of our Directors, owned more than 5% of the issued share capital of the Company as of the Latest Practicable Date, had any interest in any of our five largest suppliers during the Track Record Period.

QUALITY CONTROL

We have established our own quality control system and devote significant attention to quality control. We have set a strict and comprehensive quality control manual in accordance with ISO9001:2015 standards, ISO13485:2016 standards, NMPA regulations and other applicable regulations and standards on the quality management system of medical devices covering designing, research and development, purchasing, manufacturing and transportation of our products and product candidates. Our management team is actively involved in setting quality control policies and managing our internal and external quality performance. We engaged OEM service providers to manufacture our self-developed fundus camera, AI-FUNDUSCAMERA-P, our quality management personnel are responsible for monitoring and assessing the quality before we accept these fundus cameras.

We have also established internal policies which require our employees to comply with all applicable anti-bribery and anti-kickback laws and regulations. Under our agreements with external business partners, our business partners are also required to comply with all applicable laws and regulations, such as anti-bribery and anti-kickback laws and regulations.

COMPETITION

China's AI-based medical imaging industry is a nascent industry at a turning point for exponential growth. Compared to traditional medical imaging, AI-based medical imaging enables a non-invasive, accurate, fast, effective and scalable solution to detect, diagnose and assess risks of diseases to address various healthcare needs for the wider population. China's AI-based medical imaging market is expected to increase from RMB0.3 billion in 2020 to RMB92.3 billion in 2030 at a 76.7% CAGR from 2020 to 2030. AI-based retinal imaging has experienced the fastest growth in the AI-based medical imaging market. Driven by (i) the imbalanced allocation of medical resources and shortage of experienced physicians, (ii) technology upgrades and innovation, (iii) increasing government expenditure and policy support for AI-based medical imaging, and (iv) growing capital support, China's AI-based medical imaging market and AI-based retinal imaging market are expected to increase rapidly in the future. However, real-world retinal image data, deep learning algorithm development, stringent regulation, research and development capabilities, market awareness and reputation and intensive capital investment will be challenges and entry barriers for existing and potential market players.

For the competitive landscape of our portfolio, see "— Our Portfolio" and "Industry Overview" in this prospectus.

AWARDS AND RECOGNITION

The table below sets forth an indicative list of some of the awards and recognitions we have received as of the Latest Practicable Date.

Award/Project	Award/ Grant Year	Award/Grant Authority
Supported by Shanghai Service Industry Guiding and Development Fund (上海市服務業發展引導資金扶持)	2018	Shanghai Xuhui District Development and Reform Commission (上海市徐匯區發展和改革委員會)
Wu Wen Jun AI Science & Technology Progress Award — Enterprise Technology Innovation Engineering Project (吳文俊人工智能科技進步獎 — 企業技術創新工程項目)	2019	China Institute of Industrial Intelligence (中國人工智能學會)
2018 Advanced digital medical solution — Medical AI and big data Top 10 (2018 最IN數字醫療解決方案 — 醫療AI&大數據領域Top10)	2019	HC3i China Digital Medical Network, Zhongguancun Mobile Internet Industry Alliance, Mobile Medical Advisory Committee (HC3i中國數字醫療網, 中關村移動互聯網產業聯盟, 移動醫療專委會)
2019 China's 20 Technology Cool Vendor with commercial potential (2019中國最具商業潛力的20家科技Cool Vendor)	2019	Jazzyear (科技智庫甲子光年)
China Future Healthcare Rankings 2019 — Top 100 Digital Health Companies (2019未來醫療100強 — 中國數字醫療榜Top100)	2019	Dongmai Network, Danke Research Institution (動脈網, 蛋殼研究院)
2020 Top 80 Health Innovation Enterprises in China (2020中國醫療大健康創新企業80強)	2020	Bang Camp (創業邦)

Award/Project	Award/ Grant Year	Award/Grant Authority
New Healthcare Enterprises Top50 (新醫療產業Top50)	2020	THE FOUNDER, iheima.com, Digital Observation (創業家, i黑馬, 數字觀察)
Golden Jury Award — Artificial Intelligence Enterprise Award (金雁獎 — 人工智能企業大獎)	2020	China AI Golden Jury Award Committee (中國AI金雁獎組委會)
Golden Medal — Health Care Application Award (金雁獎 — 健康醫療醫用獎)	2020	China AI Golden Jury Award Committee (中國AI金雁獎組委會)

INTELLECTUAL PROPERTY RIGHTS

Intellectual property rights are important to our business. Our future commercial success depends, in part, on our ability to obtain and maintain patents and other intellectual property and proprietary protections for commercially important technologies, inventions and know-how related to our business, defend and enforce our patents, preserve the confidentiality of our trade secrets, and operate without infringing, misappropriating or otherwise violating the valid, enforceable intellectual property rights of third parties.

As of the Latest Practicable Date, we owned 152 patents and patent applications, including 34 issued patents and 118 patent applications in China, and six published PCT applications. We also owned 50 issued software copyrights in China.

The table below lists the portfolio of patents and patent applications of our Core Product, Airdoc-AIFUNDUS, as of the Latest Practicable Date:

Publication/ Application number	Description	Patent type	Registered owner	Application/ Approval date	Status	Expiration date
CN109684981B. . . .	Glaucoma image recognition method, equipment and screening system	Invention	Airdoc Shanghai	12/19/2018	Effective	12/19/2038
CN108596895B. . . .	Fundus image detection method, device and system based on machine learning	Invention	Airdoc Shanghai	4/26/2018	Effective	4/26/2038

Publication/ Application number	Description	Patent type	Registered owner	Application/ Approval date	Status	Expiration date
CN108577803B. . . .	Fundus image detection method, device and system based on machine learning	Invention	Airdoc Shanghai	4/26/2018	Effective	4/26/2038
CN106780436B. . . .	Medical image display parameters determining method and device	Invention	the Company	11/18/2016	Effective	11/18/2036
CN110263755B. . . .	Fundus image recognition model training method, fundus image recognition method and equipment	Invention	Airdoc Shanghai	6/28/2019	Effective	6/28/2039
CN202011095133.3 .	Fundus camera and fully automatic shooting method of fundus images	Invention	Airdoc Shanghai	6/15/2021	Effective	10/13/2040
CN111951217A. . . .	Model training method, medical image processing method and electronic equipment	Invention	the Company, Airdoc Shanghai	7/7/2020	Pending	N/A
CN111696100A. . . .	Method and equipment for determining the degree of smoking based on fundus images	Invention	Airdoc Shanghai	6/17/2020	Pending	N/A
CN111047590A. . . .	Method and equipment for classification of hypertension based on fundus images	Invention	the Company, Airdoc Shanghai	12/31/2019	Pending	N/A
CN111028232A. . . .	Diabetes classification method and equipment based on fundus images	Invention	the Company, Airdoc Shanghai	12/31/2019	Pending	N/A
CN111048210A. . . .	Method and equipment for evaluating disease risk based on fundus image	Invention	Airdoc Shanghai	12/31/2019	Pending	N/A
CN110570421A. . . .	Multi-task fundus image classification method and equipment	Invention	the Company, Airdoc Shanghai	9/18/2019	Pending	N/A
CN110276333A. . . .	Fundus identification recognition model training method, fundus identification recognition method and equipment	Invention	Airdoc Shanghai	6/28/2019	Pending	N/A

Publication/ Application number	Description	Patent type	Registered owner	Application/ Approval date	Status	Expiration date
CN110136140A. . . .	Blood vessel image of fundus image segmentation method and equipment	Invention	Airdoc Shanghai	4/16/2019	Pending	N/A
CN110189296A. . . .	Blood vessel wall reflection state of fundus image marking method and equipment	Invention	Airdoc Shanghai	4/16/2019	Pending	N/A
CN110428421A. . . .	Macular image region segmentation method and equipment	Invention	the Company, Airdoc Shanghai	4/2/2019	Pending	N/A
CN109961848A . . .	Macular image classification method and equipment	Invention	the Company, Airdoc Shanghai	4/2/2019	Pending	N/A
CN110163839A. . . .	Leopard-shaped fundus image recognition method, model training method and equipment	Invention	Airdoc Shanghai	4/2/2019	Pending	N/A
CN109493343A . . .	Method and equipment for segmentation of abnormal regions in medical images	Invention	Airdoc Shanghai	12/29/2018	Pending	N/A
CN109583364A . . .	Image recognition method and equipment	Invention	Airdoc Shanghai	11/27/2018	Pending	N/A
CN108717696A . . .	Macular image detection method and equipment	Invention	Airdoc Shanghai	5/16/2018	Pending	N/A
CN202110800315.4 .	A method and equipment for training multi disease referral model	Invention	the Company, Airdoc Shanghai	8/3/2021	Pending	N/A

The term of an individual patent may vary based on the countries/regions in which it is granted. In most countries and regions in which we file or plan to file patent applications, including China, the term of an issued invention patent is generally 20 years from the filing date of the earliest non-provisional patent application on which the patent is based in the applicable country.

The actual protection afforded by a patent varies on a claim-by-claim and country-by-country basis and depends upon many factors, including the type of patent, the scope of its coverage, the availability of any patent term extension or adjustment, the availability of legal remedies in a particular country/region and the validity and enforceability of the patent. We cannot provide any assurance that patents will be issued with respect to any of our 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 issued patents or any such patents that may be issued in the future will be commercially useful in protecting our portfolio.

We may rely, in some circumstances, on trade secrets and/or confidential information to protect aspects of our technology and other proprietary information, including but not limited to our development plan and strategies, unpatented know-how, technology, customer information, material contracts and statistical data. We have entered into confidentiality agreements and non-competition agreements with our employees. Our standard employment contract contains an assignment clause, under which we own all the rights to all inventions, technologies, know-how and trade secrets derived during the course of such employee's work. We also seek to protect our proprietary technologies and processes, in part, by entering into non-disclosure and confidentiality agreements or include such provisions in our relevant agreements with third parties who have access to confidential or patentable aspects of our R&D output, such as CROs and CRCs.

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 physical security of our premises and physical and electronic security of our information technology systems. Despite any measures taken to protect our data and intellectual property, unauthorized parties may attempt to or successfully gain access to and use information that we regard as proprietary. See "Risk Factors — Risks Relating to Intellectual Property Rights."

We also own a number of registered trademarks and pending trademark applications. We conduct our business under the trade name "Airdoc". As of the Latest Practicable Date, we owned 131 issued trademarks and 20 trademarks applications in China, and 13 issued trademarks in other countries or regions outside the PRC. As of the same date, we were the registered owner of seven domain names. For details, see "Statutory and General Information — B. Further Information about Our Business — Our Intellectual Property Rights" in Appendix VI in this prospectus.

During the Track Record Period and up to the Latest Practicable Date, we were not involved in any material proceedings in respect of, and we had not received notice of any material claims of infringement of any intellectual property rights, in which we may be a claimant or a respondent. We have engaged FTP advisers in China to conduct FTO analysis of our Core Product. Pursuant to the FTO analysis, our Core Product has relatively low risk of infringement on third parties' intellectual property rights.

EMPLOYEES

As of the Latest Practicable Date, we had 289 employees in total. The following table sets forth the number of our employees categorized by function as of the Latest Practicable Date.

Function	Number	Percentage
Sales and Marketing	168	58.1%
Research and Development	88	30.5%
Management and Administrative	33	11.4%
Total	**289**	**100.0%**

We recruit our employees through recruitment websites, internal referrals and recruiters. All of our employees are stationed in China. In compliance with the applicable labor laws, we enter into individual employment contracts with our employees covering matters such as wages, employee benefits, workplace safety, confidentiality obligations, non-competition and grounds for termination.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material strikes, labor disputes or industrial actions which had a material effect on our business. None of our employees are currently represented by labor unions, and we consider our relations with our employees to be good. As of the Latest Practicable Date, we did not have any material non-compliance with statutory social security insurance fund and housing fund obligations applicable to us under applicable laws in all material respects.

Employment Agreements with Key Management and Research and Development Staff

We have entered into confidentiality, non-compete and intellectual property ownership agreements with our employees. The contracts with our key personnel typically include a standard non-compete agreement that prohibits the employee from competing with us, directly or indirectly, during his or her employment and for two years after the termination of his or her employment. Pursuant to the intellectual property ownership agreements, any intellectual property conceived and developed during their employment belongs to us and they waive all relevant rights or claims to such intellectual property. For further details regarding the key terms of the contracts we enter into with our senior management and other key personnel, see "Directors, Supervisors and Senior Management — Key Terms of Employment Contracts."

HEALTH, SAFETY, SOCIAL AND ENVIRONMENTAL MATTERS

In respect of social responsibilities, in particular health, work safety and social insurance, we have entered into employment contracts with our employees in accordance with the applicable PRC laws and regulations. We hire employees based on their merits and it is our corporate policy to offer equal opportunities to our employees regardless of gender, age, religion or any other social or personal characteristics.

We are subject to environmental protection and occupational health and safety laws and regulations in China. However, as we engaged OEM service providers to manufacture our hardware devices, we did not incur material environmental protection expenses during the Track Record Period. During the Track Record Period and as of the Latest Practicable Date, we had complied with the relevant environmental and occupational health and safety laws and regulations in China and we did not have any incidents or complaints which had a material and adverse effect on our business, financial condition or results of operations during the same period.

We are subject to PRC laws and regulations in respect of employee health and safety. To ensure that our operations are in compliance with the applicable laws and regulations, we have established a series of policies and procedures with respect to health and work safety, which include but not limited to policies regulating operation of office equipment and safety of office environment. In addition, we also regularly evaluate our office equipment and office environment to ensure the safety for our operations. During the Track Record Period, we did not experience any material accidents or receive any administrative penalties as a result of the violation of laws and regulations relating to occupational health and work safety.

PROPERTIES

We are headquartered in Beijing. As of the Latest Practicable Date, we leased seven properties with an aggregate gross floor area of approximately 1,851 square meters in Beijing, Shanghai, Chengdu, Shenzhen and Guangzhou primarily used for offices. Pursuant to the applicable PRC laws and regulations, property lease contracts must be registered with the local branch of the Ministry of Housing and Urban-Rural Development of the PRC. As of the Latest Practicable Date, we had registered only two of our leased properties. We did not register one of our leased properties because the landlord was in the processing of obtaining the building ownership certificate, which is a legal construction according to Haidian district government's confirmation. We also did not register the other two leased properties, which have obtained property ownership certificate, because there were no separate building ownership certificates for such two specific properties and therefore, as advised by our PRC Legal Advisors, cannot be registered as leased properties separately. Our PRC Legal Advisors have advised us that the lack of registration of the lease contracts will not affect the validity of the lease agreements under PRC laws, and have also advised us that a maximum penalty of RMB10,000 may be imposed for non-registration of each lease. The estimated total maximum penalty is RMB30,000. During the Track Record Period and up to the Latest Practicable Date, we had not been ordered by any authorities to register any of the lease agreements. According to relevant PRC laws and regulations

as well as the leased agreements entered into between the landlords and us, the lessee has the right to claim compensation if the lease agreement is invalid due to the lessor's fault. If our ability to continue leasing such properties is affected by third-party objection, we may seek indemnity from the lessor in accordance with relevant PRC laws and regulations as well as the leased agreements.

We do not have any property interest with a carrying amount of 15% or more of our consolidated total assets as of June 30, 2021. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this prospectus is exempted from compliance with the requirements of section 38(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which requires a valuation report with respect to all of our Group's interests in land or buildings.

INSURANCE

We maintain insurance policies that are required under PRC laws and regulations as well as based on our assessment of our operational needs and industry practice. During the Track Record Period and as of the Latest Practicable Date, we made contributions to the social insurance and housing provident funds and our labor union as required by local authorities in accordance with relevant PRC laws and regulations in all material respects. In line with industry practices in China, we have elected not to maintain certain types of insurances, such as business interruption insurance. We have elected not to maintain keyman insurance, primarily because we maintain stable management team during the Track Record Period, and we adopt various measures to retain our senior management, such as granting share-based awards. We have also elected not to maintain product liability insurance, primarily because our products are all non-invasive. No adverse device effect was reported during our clinical trial for our Core Product, Airdoc-AIFUNDUS (1.0). See "Risk Factors — Risks Relating to Our Operations — Our insurance may not sufficiently cover, or may not cover at all, losses and liabilities we may encounter during the ordinary course of operation." Our Directors consider that our existing insurance coverage is sufficient for our present operations and in line with industry practices in China. During the Track Record Period, we did not submit any material insurance claims, nor did we experience any business interruptions that had a material adverse effect on our business or financial position.

LICENSES AND PERMITS

As of the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from relevant authorities that are material to our operations. The table below sets forth the relevant details of the material licenses required for our operation in the PRC:

License/Permit	Holder	Grant date	Expiration Date
Medical device registration certificate (Class III) (第三類醫療器械註冊證) (Guo Xie Zhu Zhun No. 20203210686).	Airdoc Shanghai	August 7, 2020	August 6, 2025
Medical device registration certificate (Class II) (第二類醫療器械註冊證) (Hu Xie Zhu Zhun No. 20182210333).	Airdoc Shanghai	November 14, 2018	November 13, 2023
Medical device registration certificate (Class II) (第二類醫療器械註冊證) (Hu Xie Zhu Zhun No. 20202210262).	Airdoc Shanghai	June 5, 2020	June 4, 2025
Medical device registration certificate (Class II) (第二類醫療器械註冊證) (Hu Xie Zhu Zhun No. 20212160170).	Airdoc Shanghai	March 23, 2021	March 22, 2026
Medical device filing receipt (Class II) (第二類醫療器械經營備案憑證). . .	Airdoc Shanghai	September 6, 2017	N/A
Medical device operation license (醫療器械經營許可證)	Airdoc Shanghai	January 23, 2018	January 22, 2023
Medical device production license (醫療器械生產許可證)	Airdoc Shanghai	December 29, 2018	December 28, 2023
Medical device filing receipt (Class II) (第二類醫療器械經營備案憑證). . .	Airdoc Beijing	August 7, 2020	N/A

RISK MANAGEMENT AND INTERNAL CONTROL MEASURES

Risk Management

We are subject to various risks during our operations, see "Risk Factors — Risks Relating to Our Operations." We recognize that risk management is critical to the success of our business. Key operational risks faced by us include changes in the general market conditions and the regulatory environment of the AI-based medical imaging market in China, our ability to develop and commercialize our portfolio, and our ability to compete with other AI-based medical device companies. We also face various financial risks. In particular, we are exposed to credit, liquidity, interest rate and foreign exchange risks that may arise in the normal course of our business.

We have adopted a consolidated set of risk management policies which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an on-going basis. Our Board is responsible for establishing our internal control system and reviewing its effectiveness. Our risk management department will prepare annual report at the beginning of each year identifying and assessing our operation risks which will be submitted to our general manager for review. Our risk management department will then evaluate the implement of our risk management procedures at the end of each year. During the Track Record Period, we regularly reviewed and enhanced our internal control system. As of the Latest Practicable Date, there were no material outstanding issues relating to our Group's internal control. We consider that our Directors and members of our senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control.

Internal Control

Our Board is responsible for establishing our internal control system and reviewing its effectiveness. Below is a summary of the internal control policies, measures and procedures we have implemented or plan to implement:

- We have adopted various measures and procedures regarding each aspect of our operations, such as protection of data and internal information, inventory and outsourcing management, and IT system. We also regularly monitor the implementation of those measures and procedures.

- Our Board of Directors, with assistance from our legal advisors, will periodically review our compliance status with all relevant laws and regulations upon Listing.

- Upon Listing, we will establish the Audit Committee which shall (i) make recommendations to our Board of Directors on the appointment and removal of external auditors; and (ii) review the financial statements and render advice in respect of

financial reporting as well as oversee the risk management and internal control procedures of our Group. For more details, see "Directors, Supervisors and Senior Management — Board Committees — Audit Committee."

- We will engage a compliance adviser to provide advice to our Directors and management team upon Listing regarding matters relating to the Listing Rules. Our compliance adviser is expected to, *inter alia*, ensure our use of the proceeds from the Global Offering complies with "Future Plans and Use of Proceeds" in this prospectus after the Listing and provide support and advice regarding the requirements of relevant regulatory authorities on a timely basis.

- We maintain strict anti-corruption policies among our sales personnel and distributors in our sales and marketing activities. We have issued Anti-Corruption Management Regulations, which clearly define the key areas and key steps of our anti-corruption function and the responsibilities and authorities of relevant departments in carrying out our anti-corruption function, and set up the internal protocols for reporting, investigation and remedy procedures.

- We have adopted various measures and procedures regarding our treasury management, including but not limited to procedures of capital management, bank account management, financial budget preparation, and treasury payment.

- Our Board of Directors believe that compliance creates value for us. We are dedicated to cultivating a compliance culture among all of our employees. To ensure such compliance culture is embedded into everyday workflow and set the expectations for individual behavior across our Group, we will conduct regular internal compliance checks and inspections, adopt strict accountability internally and conduct compliance training.

- We will comply with the Corporate Governance Code. We have established four committees under the Board pursuant the corporate governance practice requirements under the Listing Rules, including the audit committee, remuneration and appraisal committee, nomination committee and strategy committee. For details, see "Directors, Supervisors and Senior Management."

- We have adopted internal protocols governing both the confidentiality and privacy for our operational data and third-party data, covering data collection, data storage as well as data access. For details, see "— Data Privacy and Protection — Our Data Protection Policies."

LEGAL PROCEEDINGS AND NON-COMPLIANCE

Legal Proceedings

We may from time to time be involved in contractual or other disputes or legal proceedings arising out of the ordinary course of business or pursuant to governmental or regulatory enforcement actions. During the Track Record Period and up to the Latest Practicable Date, neither we nor any of our Directors were involved in or subject to any litigation, arbitration, administrative proceedings, claims, damages or losses which would have a material adverse effect on our business, financial position or results of operations as a whole. As of the Latest Practicable Date, we were not aware of any pending or threatened material litigation, arbitration or administrative proceedings against us or any of our Directors, which individually as a whole would have a material adverse effect on our business, financial position or results of operations.

Non-Compliance

During the Track Record Period and up to the Latest Practicable Date, we did not have any non-compliance incidents which our Directors believe would, individually or in the aggregate, have a material operational or financial impact on our business as a whole. As advised by our PRC Legal Advisors, during the Track Record Period and up to the Latest Practicable Date, we had complied with the applicable laws and regulations in all material respects. Our Directors confirm that we were not involved in any material or systematic non-compliance incidents during the Track Record Period and up to the Latest Practicable Date.

BOARD OF DIRECTORS

Our Board of Directors comprises nine Directors, including four executive Directors, two non-executive Directors and three independent non-executive Directors. The following table sets out information in respect of the Directors of our Company.

Name	Age	Position	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities
Mr. ZHANG Dalei (張大磊)	38	Executive Director, chairman of the Board, and chief executive officer	September 9, 2015	September 9, 2015	Responsible for the overall management of the business strategy and corporate development of our Group
Mr. GAO Fei (高斐)	38	Executive Director	September 9, 2015	September 9, 2015	Responsible for the management of investor relationship, legal matters and optometry related business of our Group
Dr. CHEN Yuzhong (陳羽中)	49	Executive Director	August 15, 2017	November 30, 2018	Responsible for medical R&D, product registration and overall operational support of our Group
Mr. CHEN Hailong (陳海龍)	39	Executive Director	August 22, 2016	December 7, 2016	Responsible for design of product structure, R&D and management of R&D team of our Group
Mr. JIANG Bo (蔣波)	39	Non-executive Director	December 20, 2019	December 20, 2019	Responsible for providing guidance and advice on the corporate and business strategies
Ms. WANG Mi (王謐)	35	Non-executive Director	June 1, 2020	June 1, 2020	Responsible for providing guidance and advice on the corporate and business strategies

Name	Age	Position	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities
Mr. NG Kong Ping Albert (吳港平)	63	Independent non-executive Director	April 30, 2021	April 30, 2021	Responsible for addressing conflicts and giving strategic advice and guidance to the business and operations of our Group
Mr. WU Yangfeng (武陽豐)	58	Independent non-executive Director	December 25, 2020	December 25, 2020	Responsible for addressing conflicts and giving strategic advice and guidance to the business and operations of our Group
Mr. HUANG Yanlin (黃彥林)	48	Independent non-executive Director	December 25, 2020	December 25, 2020	Responsible for addressing conflicts and giving strategic advice and guidance to the business and operations of our Group

Executive Directors

Mr. ZHANG Dalei (張大磊), aged 38, our Founder, joined our Group on September 9, 2015 and was appointed as a Director and chairman of the Board on the same date. Mr. Zhang was re-designated as an executive Director on April 30, 2021. Mr. Zhang is primarily responsible for the overall management of the business strategy and corporate development of our Group.

Mr. Zhang has been serving as a director and chairman of the board of directors of Airdoc Shanghai since July 2017, the chairman of the board of directors and general manager of Shanghai Zhongyou since July 2017, an executive director at Airdoc Guangzhou since August 2017, an executive director and general manager of Guowei Jian'an since January 2018, a director of Airdoc Beijing since August 2018 and a director of Airdoc HK since February 2020.

Mr. Zhang has accumulated over 12 years of robust experience in the management of high-tech companies and accumulated technological knowledge in the R&D of AI technologies. From April 2015 to September 2015, Mr. Zhang served as the product vice president of Sina Technology (China) Company Limited* (新浪網技術(中國)有限公司). From June 2014 to April 2015, Mr. Zhang served as a vice president at Synapse Computer System (Shanghai) Co, Ltd.* (突觸計算機系統(上海)有限公司), a wholly owned subsidiary of PPLive Corporation, where he was mainly responsible for product development and technology. From May 2010 to May 2013 Mr.

Zhang served as the chief technology officer of Ethos Technologies Inc. (宇思信德科技(北京)有限公司). From March 2008 to April 2010, Mr. Zhang served as a program manager of Macintosh Business Unit of Microsoft (China) Co., Ltd.* (微軟(中國)有限公司).

Mr. Zhang received his bachelor's degree in pharmaceutics from The Second Military Medical University (第二軍醫大學) in the PRC in June 2003. Mr. Zhang was granted the "Certified Standards Professional" and recognized as the "Most Valuable Professional" by Microsoft in April 2008 and April 2011, respectively. Mr. Zhang was certified as the Information System Project Manager (Senior)* (信息系統項目管理師(高級)) by Beijing Human Resources and Social Security Bureau (北京市人力資源社會保障局) in November 2010. Mr. Zhang has been serving as a member of Professional Committee of Smart Medical of Chinese Association for Artificial Intelligence* (中國人工智能學會智慧醫療專業委員會) since December 2020.

Mr. GAO Fei (高斐), aged 38, our co-Founder, joined our Group on September 9, 2015 and was appointed as a Director on the same date. Mr. Gao was re-designated as an executive Director on April 30, 2021. Mr. Gao is primarily responsible for the management of investor relationship, legal matters and optometry related business of our Group.

Mr. Gao has been serving as a director and the general manager of Airdoc Shanghai since July 2017, a director of Shanghai Zhongyou since July 2017, and the chairman of the board of directors of Airdoc Beijing since August 2018.

From June 2015 to September 2015, Mr. Gao served as a senior operation manager of Sina Technology (China) Company Limited, where he was primarily responsible for growth of application user and channel promotion. From July 2014 to June 2015, Mr. Gao worked at Synapse Computer System (Shanghai) Co., Ltd.* (突觸計算機系統(上海)有限公司), a wholly owned subsidiary of PPLive Corporation. From December 2006 to August 2011, Mr. Gao served as a partner of Beijing Jingsou Lande Consultancy Co., Ltd.* (北京精搜蘭德諮詢有限公司), where he was primarily responsible for project management, financial and legal matters and administration. From December 2004 to August 2006, Mr. Gao served as a macroeconomic analyst of China Economic Network Data Co., Ltd.* (中經網數據有限公司), where he was primarily responsible for drafting macroeconomic related briefing and annual report.

Mr. Gao received his bachelor's degree in economics from Jilin University (吉林大學) in the PRC in July 2004. Mr. Gao has been serving as the deputy secretary-general of Professional Committee of Smart Medical of Chinese Association for Artificial Intelligence* (中國人工智能學會智慧醫療專業委員會) since August 2015.

Dr. CHEN Yuzhong (陳羽中), aged 49, joined our Group on August 15, 2017 and was appointed as a Director on November 30, 2018. Dr. Chen was re-designated as an executive Director on April 30, 2021. Dr. Chen is primarily responsible for the medical R&D, product registration and overall operational support of our Group. Since September 2018, Dr. Chen has been serving as the general manager of Airdoc Guangzhou.

Dr. Chen has approximately 20 years of frontline experience applying technology information to clinical practice, including experience in Grade IIIA general hospitals. From February 2013 to July 2017, Dr. Chen served as a deputy director of the administration department of medicine and education of Shanghai Changzheng Hospital* (上海長征醫院), where he was primarily responsible for hospital medical administration, medical insurance, healthcare, quality, health support, informatization, pharmacy, equipment and centralized procurement. From July 2011 to January 2013, Dr. Chen served as a deputy director of teaching department of Shanghai Changhai Hospital* (上海長海醫院). From February 2007 to July 2011, Dr. Chen served as a deputy director of condition construction division of The Second Military Medical University, where he was primarily responsible for school condition construction, information construction, drug equipment management, laboratory animal management, scientific research teaching warehouse management. From December 2004 to February 2007, Dr Chen served as a secretary of the training department of The Second Military Medical University* (第二軍醫大學) for management of medical, teaching, scientific research, information construction and foreign affairs. From September 1998 to November 2004, Dr. Chen served as a medical assistant of the teaching department of Shanghai Changhai Hospital, where he was primarily responsible for management of outpatient, emergency, Kangbin Building (康賓樓), rehabilitation department, quality, information construction and performance reform.

Dr. Chen received his bachelor's degree, master's degree and doctor's degree of medicine in July 1995, June 1998 and June 2013, respectively, from The Second Military Medical University in the PRC. Since April 2018, Dr. Chen has been serving as a deputy secretary-general of China Medical Imaging AI Industry-Academy-Research-Application Innovation Alliance* (中國醫學影像AI產學研用創新聯盟). Since November 2018, Dr. Chen has served as a member of Professional Committee of Medical Industry Transformation and Health Industry Integration (醫工轉化與健康產業融合專業委員會) of Chinese Research Hospital Association (中國研究型醫院學會). Since December 2020, Dr. Chen has been serving as a deputy director of Professional Committee of Smart Medical of Chinese Association for Artificial Intelligence* (中國人工智能學會智慧醫療專業委員會).

Mr. CHEN Hailong (陳海龍), aged 39, joined our Group on August 22, 2016 and was appointed as a Director on December 7, 2016. Mr. Chen was re-designated as an executive Director on April 30, 2021. Mr. Chen is primarily responsible for the design of product structure, R&D and management of R&D team of application business of our Group.

Mr. Chen has over 15 years of experience in information and technology industry. From April 2011 to August 2016, Mr. Chen served as a structure engineer of Meilishuo (Beijing) Internet Technology Co., Ltd.* (美麗説(北京)網絡科技有限公司), where he was primarily responsible for trading system structure design. From December 2005 to March 2011, Mr. Chen served as a software engineer of Ethos Technologies Inc.

Mr. Chen received his bachelor's degree in computer science and technology from Hebei University of Technology (河北工業大學) in the PRC in July 2005.

Non-executive Directors

Mr. JIANG Bo (蔣波), aged 39, joined our Group on December 20, 2019 and was appointed as a Director on the same date. Mr. Jiang was re-designated as an non-executive Director on April 30, 2021. Mr. Jiang is primarily responsible for providing guidance and advice on the corporate and business strategies.

Since May 2020, Mr. Jiang has been serving as a non-executive director of Cosmo Lady (China) Holdings Company Limited (都市麗人(中國)控股有限公司), a company whose shares are listed on the Stock Exchange (stock code: 2298). Since May 2018, Mr. Jiang has been serving as the president of Fosun Private Equity (復星美元產業基金), where he was primarily responsible for management of investment. From January 2017 to April 2018, Mr. Jiang served as a partner of Long Hill Capital (長嶺資本). From March 2012 to January 2017, Mr. Jiang served as an executive director of New Enterprise Associates (Beijing) Co., Ltd.* (恩頤投資諮詢(北京)有限公司). From December 2006 to July 2010, Mr. Jiang served as a mobile payment product expert of Alibaba (China) Co. Ltd (阿里巴巴(中國)有限公司), an indirectly wholly-owned subsidiary of Alibaba Group Holdings Limited (阿里巴巴集團控股有限公司), a company whose shares are listed on the New York Stock Exchange (ticker symbol: BABA) and the Stock Exchange (stock code: 9988).

Mr. Jiang received his master of business administration from The Wharton School of The University of Pennsylvania in the U.S. in May 2012. Mr. Jiang received his master of philosophy in industrial engineering and engineering management from the Hong Kong University of Science Technology in Hong Kong in November 2005. Mr. Jiang received his bachelor's degree in computer science and technology from Tsinghua University in the PRC in July 2002.

Ms. WANG Mi (王謐), aged 35, joined our Group on June 1, 2020 and was appointed as a Director on the same date. Ms. Wang was re-designated as an non-executive Director on April 30, 2021. Ms. Wang is primarily responsible for providing guidance and advice on the corporate and business strategies.

Since July 2021, Ms. Wang has served as the head of Cathay CN Ecosystem of Cathay Capital. From May 2020 to July 2021, Ms. Wang served as an investment director of Ping An Global Voyager Fund* (平安全球領航基金), where she is primarily responsible for investment management. From January 2019 to April 2020, Ms. Wang served as a strategic director of Ping An International Smart City Technology Co., Ltd.* (平安國際智慧城市科技股份有限公司). From October 2015 to December 2018, Ms. Wang served as a strategic director of the office of the chief information officer of Ping An Group, where she was primarily responsible for Internet-related and major strategic investments and incubation of artificial intelligence medical projects.

Ms. Wang received her bachelor's degree of science in mathematics and applied mathematics from Tsinghua University (清華大學) in the PRC in July 2008. Ms. Wang received her master of business administration from Institut Européen d'Administration des Affaires (INSEAD) in France in July 2014.

Independent Non-executive Directors

Mr. NG Kong Ping Albert (吳港平), aged 63, joined our Group and was appointed as an independent non-executive Director on April 30, 2021. Mr. Ng is primarily responsible for addressing conflicts and giving strategic advice and guidance to the business and operations of our Group.

Mr. Ng is the retired chairman of Ernst & Young China, the managing partner of Ernst & Young in Greater China and a member of Global Executive Committee of Ernst & Young. He has over 30 years of professional experience in the accounting industry in Hong Kong and Mainland China. Before joining Ernst & Young, Mr. Ng successively served as the partner-in-charge of Arthur Andersen LLP in Greater China, the partner-in-charge of China business of PricewaterhouseCoopers and the managing director of Citigroup China Investment Banking.

Mr. Ng is the president of the second session of Hong Kong China Chamber of Commerce and once served as a member of the first and second Consulting Committee of Corporate Accounting Standard (企業會計準則諮詢委員會), an advisor of the Hong Kong Business Accountants Association and a member of the Advisory Board of the School of Accountancy of The Chinese University of Hong Kong. Mr. Ng is also a member of the Audit Committee of The Chinese University of Hong Kong (Shenzhen) and a council member of the Education Foundation of The Chinese University of Hong Kong (Shenzhen).

Mr. Ng has obtained his bachelor's and master's degree in business administration from The Chinese University of Hong Kong in December 1981 and October 1988, respectively. Mr. Ng is also a member of Hong Kong Institute of Certified Public Accountants (HKICPA), Chartered Accountants Australia and New Zealand (CAANZ), CPA Australia (CPAA) and Association of Chartered Certified Accountants (ACCA).

Mr. WU Yangfeng (武陽豐), aged 58, was appointed as an independent Director on December 25, 2020. Mr. Wu was re-designated as an independent non-executive Director on April 30, 2021. Mr. Wu is primarily responsible for addressing conflicts and giving strategic advice and guidance to the business and operations of our Group.

Since July 2006, Mr. Wu has been working at medicine department of Peking University (北京大學) with his current position being the executive deputy director of clinical research institute, a professor of clinical research methodology and a doctoral supervisor. Before July 2006, Mr. Wu worked at Fuwai Hospital (阜外醫院) with his last position as a director of epidemiology research office, a researcher and a doctoral supervisor.

Mr. Wu received his bachelor's degree of medicine from Shanxi Medical College (山西醫學院) in the PRC in December 1984. Mr. Wu received his master's degree and doctor's degree in medicine from Peking Union Medical College (中國協和醫科大學) in the PRC in December 1987 and July 1996, respectively.

Mr. HUANG Yanlin (黃彥林), aged 48, joined our Group on December 25, 2020 and was appointed as an independent Director on the same date. Mr. Huang was re-designated as an independent non-executive Director on April 30, 2021. Mr. Huang is primarily responsible for addressing conflicts and giving strategic advice and guidance to the business and operations of our Group.

From July 2020 to April 2021, Mr. Huang served as the chief technology officer of 9F Inc. (玖富集團), a company whose shares are listed on NASDAQ (ticker symbol: JFU), where he was primarily responsible for overseeing research and development. From August 2019 to July 2020, Mr. Huang served as the chief technology officer of GOME Holdings Group (國美控股集團), where he was primarily responsible for leading research and development. From September 2016 to June 2019, Mr. Huang served as the chief technology officer of Vipshop Holdings Limited, a company whose shares are listed on the New York Stock Exchange (ticker symbol: VIPS), where he was primarily responsible for leading research and development. From April 2015 to September 2016, Mr. Huang served as the chief technology officer of Sina Technology (China) Company, where he was primarily responsible for leading research and development. Mr. Huang previously served as the chief technology officer of Shanghai SynaCast Media Tech Co., Ltd.* (上海聚力傳媒技術有限公司) (PPTV), where he was primarily responsible for leading research and development. Mr. Huang once worked at Microsoft.

Mr. Huang received his bachelor's degree of science in microbiology from Wuhan University (武漢大學) in the PRC in July 1993. Mr. Huang received his PhD degree in biochemistry from State University of New York at Buffalo in the U.S. in September 1999. Mr. Huang received his master's degree in computer science from the University of Virginia in the U.S. in January 2001.

BOARD OF SUPERVISORS

The Board of Supervisors comprises three members. The following table sets out information in respect of the Supervisors of our Company:

Name	Age	Position	Date of joining our Group	Date of appointment as a Supervisor	Roles and responsibilities
Mr. WEI Yubo (魏宇博)	39	Supervisor and chairman of the board of Supervisors	April 30, 2016	December 7, 2016	Responsible for overseeing our business operations
Ms. BAI Huihui (白惠惠). . .	30	Supervisor	December 25, 2020	December 25, 2020	Responsible for overseeing our business operations
Ms. ZHOU Wenjuan (周雯娟)	37	Supervisor	May 12, 2021	May 12, 2021	Responsible for overseeing our business operations

Mr. WEI Yubo (魏宇博), aged 39, joined our Group on April 30, 2016 and was appointed as a Supervisor on December 7, 2016. Mr. Wei is the chairman of the board of Supervisors and primarily responsible for overseeing our business operations. Since July 2017, July 2017 and August 2017, Mr. Wei has served as a supervisor at Shanghai Zhongyou, Airdoc Shanghai and Airdoc Guangzhou, respectively.

From July 2012 to April 2016, Mr. Wei served as an engineer of IGT Technology (Beijing) Co., Ltd. (IGT科技開發(北京)有限公司), where he was primarily responsible for software development and testing. From April 2006 to June 2012, Mr. Wei worked successively at Beyondsoft Technology Co., Ltd.* (博彥科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002649) and Microsoft, where he was mainly responsible for Mac Office Testing.

Mr. Wei received his bachelor's degree in electronic information engineering from Jilin University (吉林大學) in the PRC in July 2004.

Ms. BAI Huihui (白惠惠), aged 30, joined our Group December 25, 2020 and was appointed as a Supervisor on the same date. Ms. Bai is primarily responsible for overseeing our business operations.

Ms. Bai holds the following positions outside our Group concurrently. Since April 2020, Ms. Bai has been serving as the chairman of the board and general manager at Guoke Kaiyan Capital Co., Ltd.* (國科開研資本有限公司) ("**Guoke Capital**"). Since March 2019, Ms. Bai has been serving as an executive director and general manager at Geluoli Asset Management Co., Ltd.* (格羅力資產管理有限公司). Since April 2020, she has been serving as a supervisor at Beijing Kaiyan Investment Management Co., Ltd.* (北京開研投資管理有限公司);

From March 2019 to June 2019, Ms. Bai served as a supervisor at Guoke Capital. From June 2019 to April 2020, she served as a director at Guoke Capital.

Ms. Bai received her bachelor's degree in light information science and technology from Shenzhen University (深圳大學) in the PRC in June 2012.

Ms. ZHOU Wenjuan (周雯娟), aged 37, joined our Group on May 12, 2021 and was appointed as a Supervisor on the same date. Ms. Zhou is primarily responsible for overseeing our business operations.

From July 2020 to October 2021, Ms. Zhou served as the chief financial officer of Sogou Inc., a company whose shares are listed on the New York Stock Exchange (ticker symbol: SOGO), where she was mainly responsible for finance and legal matters, investor relationship and internal control. From 2015 to 2019, Ms. Zhou successively served as the financial director of Beijing Chuanfu Yuntian Technology Co., Ltd.* (北京傳富雲天科技有限公司), a member of Alibaba Group, and the chief financial officer of Beijing Yidian Wangju Technology Co., Ltd.* (北京一點網聚科技有限公司), where she was mainly responsible for finance and legal matters, investor relationship and internal control. From 2012 to 2015, she served as the chief financial officer of Tianji.com (天際網), a member of at Viadeo S.A. Group. From 2009 to 2012, she served as an assistant to general manager of finance department of Concord Medical Services Holdings Limited, a company whose shares are listed on the New York Stock Exchange (ticker symbol: CCM). From 2006 to 2009, she served as an auditor at PricewaterhouseCoopers.

Ms. Zhou obtained her bachelor's degree in financial management from University of International Business and Economics (對外經濟貿易大學) in the PRC in July 2006 and her executive master in business administration from HEC Paris in June 2016. She was certified as a Certified Public Accountant and a Chartered Global Management Accountant by the American Institute of Certified Public Accountants in April 2012 and June 2014, respectively.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The following table sets out information in respect of the senior management members of our Company:

Name	Age	Position	Date of joining our Group	Date of appointment as a senior management	Roles and responsibilities
Mr. ZHANG Dalei (張大磊)	38	Executive Director, chairman of the Board, and chief executive officer	September 9, 2015	September 9, 2015	Responsible for the overall management of the business strategy and corporate development of our Group
Ms. YANG Wenting (楊文婷)	36	Chief financial officer	June 1, 2020	December 25, 2020	Responsible for the overall management of corporate finance and Board related matters of our Group

Mr. ZHANG Dalei (張大磊), aged 38, was appointed as our chief executive officer on September 9, 2015. Please refer to the section headed "— Board of Directors — Executive Directors — Mr. ZHANG Dalei" for his biography.

Ms. YANG Wenting (楊文婷), aged 36, joined our Group on June 1, 2020 and was appointed as the chief financial officer of our Company on December 25, 2020. Ms. Yang was also appointed on as one of our joint company secretaries on May 12, 2021. Ms. Yang is primarily responsible for the overall management of corporate finance and Board related matters of our Group.

From December 2017 to February 2020, Ms. Yang served as the general manager of the finance department of New Studios Media Co., Ltd. (北京新片場傳媒股份有限公司). From October 2013 to September 2015, Ms. Yang served as the financial controller of Beijing Office of Quadrivium SA, where she was primarily responsible for financial management and investment project management. From October 2008 to October 2013, Ms. Yang served as an audit manager at KPMG Huazhen (Special General Partnership) (畢馬威華振會計師事務所(特殊普通合夥)).

Ms. Yang received her bachelor's degree in accounting from Hunan University (湖南大學) in June 2007 in the PRC and her master's degree of business administration (MBA) from the University of Manchester, Alliance Manchester Business School in the United Kingdom in December 2017. She was admitted as a member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in November 2013 and admitted as a member of The Association of Chartered Certified Accountants in June 2016.

Save as disclosed above, none of our Directors, Supervisors or senior management members has held any directorship in any public company the securities of which are listed on any securities market in Hong Kong or overseas during the three years preceding the date of this prospectus.

Save as disclosed above, each of our Directors confirms that as of the Latest Practicable Date, he/she did not have any interest in a business that competes or is likely to compete, directly or indirectly, with our business and requires disclosure under Rule 8.10 of the Listing Rules.

As of the Latest Practicable Date and save as disclosed above, (i) none of the Directors, Supervisors or members of the senior management of our Company is related to any other Directors, Supervisors and members of the senior management, and (ii) there is no additional matter with respect to the appointment of the Directors or Supervisors that needs to be brought to the attention of the Shareholders, and there is no additional information relating to the Directors or Supervisors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

OTHER KEY MEMBERS OF OUR GROUP

Dr. He Chao (和超), aged 48, was appointed as our chief technology officer on October 23, 2018. He has led the development of our research and development team, which laid the foundation for the development of our Airdoc-AIFUNDUS, since 2018.

Dr. He possesses approximately 20 years of software and hardware development and algorithm design experience and is the inventor of over 30 U.S. or EU patents or patent applications in these areas. Dr. He worked for Microsoft (China) Co., Ltd. from June 2009 to March 2015, where his last position was the principal software engineering manager. From February 2015 to October 2018, Dr. He served as the R&D vice president of Shanghai Xiaoyi Technology Co., Ltd.* (上海小蟻科技有限公司).

Dr. He received his bachelor's degree in radio technology and information system from Tsinghua University (清華大學) in the PRC in July 1995 and his doctor of philosophy in electrical engineering from the Ohio State University in the U.S. in 2005.

Mr. Chen Mingqiang (陳明強), aged 34, joined our Group on December 29, 2015 as the chief officer of R&D. He is mainly responsible for overseeing product development and technical matters.

Mr. Chen has approximately 10 years of experience in software development. Prior to joining our Group, Mr. Chen worked in the R&D department of Sina Technology (China) Company Limited, before which he also served as an engineer at Yahoo! Software Research & Development (Beijing) Co., Limited (雅虎軟件研發(北京)有限公司).

Mr. Chen received his bachelor's degree in computer science and technology from Wuhan University (武漢大學) in the PRC in June 2008 and his master's degree in computer science and technology from the Graduate University of Chinese Academy of Sciences (中國科學院研究生院) in the PRC in July 2011.

JOINT COMPANY SECRETARIES

Ms. YANG Wenting (楊文婷), was appointed on as one of our joint company secretaries on May 12, 2021. Ms. Yang is also our chief financial officer. See the paragraph above in this section for details of her biograph.

Ms. FUNG Po Ting (馮寶婷), was appointed as one of our joint company secretaries on May 12, 2021.

Ms. Fung currently serves as an assistant manager of corporate services of Vistra Corporate Services (HK) Limited. She has over 11 years of experience in providing company secretarial services to a portfolio of clients including public listed companies and private companies.

Ms. Fung has been an associate member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and an associate member of The Chartered Governance Institute in United Kingdom since November 2020.

Ms. Fung obtained her master's degree in Corporate Governance and her bachelor's degree in Corporate Administration of Business Administration from The Open University of Hong Kong in 2020 and 2016, respectively.

BOARD COMMITTEES

Our Company has established four committees under the Board pursuant the corporate governance practice requirements under the Listing Rules, including the audit committee, remuneration and appraisal committee, nomination committee and strategy committee.

Audit Committee

We have established an audit committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls system of the Group, review and approve connected transactions and to advise the Board. The audit committee comprises three independent non-executive Directors, namely Mr. NG Kong Ping Albert, Mr. HUANG Yanlin and Mr. WU Yangfeng. Mr. NG Kong Ping Albert, being the chairman of the committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration and Appraisal Committee

We have established a remuneration and appraisal committee in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix 14 to the Listing Rules. The primary duties of the remuneration and appraisal committee are to review and make recommendations to the Board regarding the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management. The remuneration and appraisal committee comprises one executive Director and two independent non-executive Directors, namely Mr. Gao, Mr. HUANG Yanlin and Mr. NG Kong Ping Albert. Mr. HUANG Yanlin is the chairman of the committee.

Nomination Committee

We have established a nomination committee in compliance with the Code on Corporate Governance set out in Appendix 14 to the Listing Rules. The primary duties of the nomination committee are to make recommendations to our Board regarding the appointment of Directors and Board succession. The nomination committee comprises one executive Director and two independent non-executive Directors, namely Mr. Zhang, Mr. HUANG Yanlin and Mr. WU Yangfeng. Mr. Zhang is the chairman of the committee.

Strategy Committee

We have established a strategy committee. The primary duties of the strategy committee are to review and advise on our mid to long term strategic positioning and development plans and to monitor the implementations of our development plans. The strategy committee comprises one executive Director and two independent non-executive Directors, namely Mr. Zhang, Mr. WU Yangfeng and Mr. NG Kong Ping Albert. Mr. Zhang is the chairman of the committee.

BOARD DIVERSITY POLICY

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy (the "**Board Diversity Policy**") which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to the Board Diversity Policy, we seek to achieve the diversity of the Board through the consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural, education background, ethnicity and length of service. The ultimate decision of the appointment will be based on merit and the contribution that the selected candidates will bring to our Board.

We have taken, and will continue to take, steps to promote gender diversity at all levels of our Company, including but not limited to our Board and the senior management levels. In particular, Ms. WANG Mi, one of our non-executive Directors, Ms. BAI Huihui, one of our Supervisors responsible for overseeing our business operations, and Ms. YANG Wenting, our chief financial officer responsible for the overall management of corporate finance and Board related matters, are female and form part of our Board, board of Supervisors and senior management team. Going forward, we will continue to work to enhance gender diversity of our Board. Our Board will use its best endeavors to appoint female Directors to our Board after Listing (keeping in mind the importance of management continuity and the timeline for retirement and reappointment of Directors under the Articles) and our nomination committee will use its best endeavors and on suitable basis to identify and recommend multiple suitable female candidates to our Board for its consideration on appointment of a Director after the Listing. We will also continue to ensure that there is gender diversity when recruiting staff at mid to senior level so that we will have a pipeline of female management and potential successors to our Board in due time to ensure gender diversity of our Board. Our Group will continue to emphasize training of female talent and providing long-term development opportunities for our female staff.

Our Directors have a balanced mix of knowledge and skills, including in biochemistry, software engineering, business development, investment management and corporate finance. They obtained degrees in various majors including biochemistry, clinical medicine, economics and business administration, among others. We have three independent non-executive Directors with different industry backgrounds, representing more than one third of the members of our Board.

Our nomination committee is responsible for ensuring the diversity of our Board members. After the Listing, our nomination committee will monitor the implementation of the Board Diversity Policy and review the Board Diversity Policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the Board Diversity Policy on an annual basis.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Pursuant to A.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Zhang currently serves as the chairman of the Board and the chief executive officer of the Company. He is the Founder of the Group and has been operating and managing the Group since its establishment. Our Directors believe that it is beneficial to the business operations and management of the Group that Mr. Zhang continues to serve as both the chairman of the Board and the chief executive officer of the Company. The Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of chairman of the Board and chief executive officer is necessary.

Our Directors strive to achieve a high standard of corporate governance (which is of critical importance to our development) to protect the interest of Shareholders. Save as disclosed above, our Directors consider that upon Listing, we will comply with all applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules and the Model Code for Securities Transactions by the Directors of Listed Issuers set out in Appendix 10 to the Listing Rules.

COMPLIANCE ADVISER

We have appointed Somerley Capital Limited as our compliance adviser (the "**Compliance Adviser**") pursuant to Rule 3A.19 of the Listing Rules. Our Compliance Adviser will provide us with guidance and advice as to compliance with the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, our Compliance Adviser will advise our Company in certain circumstances including:

(a) before the publication of any regulatory announcement, circular, or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

(c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where the business activities, development or results of our Group deviate from any forecast, estimate or other information in this prospectus; and

(d) where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of appointment of our Compliance Adviser shall commence on the Listing Date and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date.

KEY TERMS OF EMPLOYMENT CONTRACTS

We normally enter into employment contracts, confidentiality agreements and non-competition agreements with our senior management members and other key personnel. The key terms of these contracts we enter into with our senior management and other key personnel are set forth below.

Non-competition

Within two years from the date of the employee's departure (the "**Non-compete Period**") and during the course of employment by our Group, he/she shall not, among others, (i) engage in any business that competes with us, or (ii) directly or indirectly, in any other entity that competes with us, hold positions similar to the position held by the employee in our Group.

We will pay monthly compensation to the relevant employee during the Non-compete Period.

Confidentiality

The employee shall keep in confidence and shall not disclose our trade secrets, including but not limited to our technical information and operational information in confidence during the term of their employment and thereafter.

Service Invention

The intellectual property rights in any invention, work or non-patent technical result that is (i) resulted from performing employee duties or (ii) developed mainly using our material, technologies and information shall belong to us.

REMUNERATION OF DIRECTORS, SUPERVISORS AND FIVE HIGHEST PAID INDIVIDUALS

For details on the service contracts and appointment letters signed between the Company and our Directors and Supervisors, please refer to "Appendix VI — Statutory and General Information — C. Further Information about Our Directors, Supervisors and Substantial Shareholders — 1. Directors and Supervisors — (ii) Particulars of service agreements."

For the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021, the total amount paid by us for payments of emoluments, salaries, allowances, discretionary bonus, defined contribution retirement plans and other benefits in kind (if applicable) to Directors were RMB5.48 million, RMB4.29 million and RMB1.77 million, respectively. For remuneration details of all Directors during the Track Record Period, please refer to Note 8 to the Accountants' Report as set out in Appendix I to this prospectus.

For the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021, the total amount paid by us for payments of emoluments, salaries, allowances, discretionary bonus, defined contribution retirement plans and other benefits in kind (if applicable) to Supervisors were RMB0.7 million, RMB0.64 million and RMB0.37 million, respectively.

According to existing effective arrangements, the total amount of remuneration (excluding any possible payment of discretionary bonus) shall be paid by us to Directors and Supervisors for the financial year ending December 31, 2021 is expected to approximately range from RMB4.6 million to RMB5.2 million.

The remuneration of Directors has been determined with reference to the salaries of comparable companies and their experience, duties and performance.

For the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021, the five highest remunerated individuals of our Company included two, one and one Directors, respectively, their remunerations were included in the total amount paid by us for the emoluments, salaries, allowances, discretionary bonus, defined contribution retirement plans and other benefits in kind (if applicable) of the relevant Directors. For the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021, the total amount of remuneration and benefits in kind (if applicable) paid by us to the five highest remunerated individuals were RMB8.50 million, RMB9.82 million and RMB3.69 million, respectively.

During the Track Record Period, no remuneration was paid by us nor receivable by Directors, Supervisors or the five highest remunerated individuals as incentives for joining or as rewards upon joining our Company, and no remuneration was paid by us nor receivable by Directors, past Directors, Supervisors, past Supervisors or the five highest remunerated individuals as compensation for leaving positions relating to management affairs in any subsidiary of the Company.

During the Track Record Period, none of our Directors waived any remuneration. Save as disclosed above, during the Track Record Period, no other amounts shall be paid or payable by us or any of our subsidiaries to the Directors or the five highest remunerated individuals.

Save as disclosed above, no Director or Supervisor is entitled to receive other special benefits from the Company.

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

As of the Latest Practicable Date, our Founder, namely Mr. Zhang, directly and indirectly through Airdoc Universe, was entitled to exercise the voting rights attaching to approximately 27.78% of the total issued Shares of our Company. Our Co-Founders, namely Mr. Chen and Mr. Gao, were entitled to exercise the voting rights attaching to approximately 2.35% and 1.09% of the total issued Shares of our Company, respectively. Pursuant to the Concert Party Agreement, Mr. Chen and Mr. Gao have undertaken to vote unanimously with Mr. Zhang at all Directors' meetings of our Company, and such acting in concert arrangement apply to their votes at the shareholders' meeting when Mr. Chen and Mr. Gao became our shareholders in June 2020. For further details, see "History and Corporate Structure — Concert Party Agreement." Therefore, Mr. Zhang, Mr. Chen, Mr. Gao and Airdoc Universe, as a group of Shareholders, were collectively entitled to exercise the voting rights attaching to approximately 31.22% of the total issued Shares of our Company as of the Latest Practicable Date.

Immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised), Mr. Zhang, Mr. Chen, Mr. Gao and Airdoc Universe will be collectively entitled to exercise the voting rights attaching to approximately 24.50% of the total issued Shares of our Company. Accordingly, Mr. Zhang, Mr. Chen, Mr. Gao and Airdoc Universe, as a group of Shareholders, will not be regarded as our controlling Shareholders, but will remain as our Single Largest Group of Shareholders upon completion of the Global Offering. For details of the shareholding of our Single Largest Group of Shareholders, see "Substantial Shareholders."

Save as disclosed above, there is no other person who, immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised), will be entitled to exercise the voting rights attaching to 10% or more of the total issued Shares of our Company.

COMPETING BUSINESS

The Single Largest Group of Shareholders confirmed that as of the Latest Practicable Date, they did not have any interest in a business, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Having considered the following factors, our Directors consider that we are capable of carrying on our business independently from the Single Largest Group of Shareholders and their close associates after the Listing.

Management Independence

Our business is managed and conducted by our Board and senior management. Our Board comprises four executive Directors, two non-executive Directors and three independent non-executive Directors. For further information about our Directors and senior management, see "Directors, Supervisors and Senior Management."

Although two of our executive Directors, Mr. Zhang and Mr. Gao, are members of the Single Largest Group of Shareholders, we consider that our Board and senior management will function independently from the Single Largest Group of Shareholders because of the following reasons:

(a) each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a director and their personal interests;

(b) three out of our nine Directors are independent non-executive Directors who have extensive experience in different professions. They have been appointed pursuant to the requirements under the Listing Rules to ensure that the decisions of the Board are made only after due consideration of independent and impartial opinions. Our Directors believe that the presence of our independent non-executive Directors from different backgrounds provides a balance of views and opinions, and certain matters of our Company must always be referred to the independent non-executive Directors for review;

(c) in the event that there is a potential conflict of interests 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 and shall abstain from voting at the relevant board meetings of our Company in respect of such transactions; and

(d) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and the Single Largest Group of Shareholders which would support our independent management. For further information, see "— Corporate Governance Measures."

Based on the above, our Directors believe that our Board as a whole and together with our senior management team are able to perform the managerial role independently from the Single Largest Group of Shareholders.

Operational Independence

Our Group is not operationally dependent on the Single Largest Group of Shareholders. We do not rely on our Single Largest Group of Shareholders and their close associates for our R&D, business development, staffing, logistics, administration, finance, internal audit, information technology, sales and marketing, or company secretarial functions. We have our own departments specializing in these respective areas which have been in operation and are expected to continue to operate separately and independently from our Single Largest Group of Shareholders and their close associates. Our Group (by itself and through our subsidiaries) holds all material licenses and owns all relevant intellectual properties and facilities necessary to carry on our business. We have sufficient capital, facilities, equipment and employees to operate our business independently from the Single Largest Group of Shareholders. We also have independent access to our suppliers and customers. Based on the above, our Directors believe that we are able to operate independently from the Single Largest Group of Shareholders.

Financial Independence

We have independent internal control and accounting systems. We also have an independent finance department responsible for discharging the treasury function. We do not expect to rely on the Single Largest Group of Shareholders and their close associates for financing after the Listing as we expect that our working capital will be funded by cash flows generated from operating activities, bank loans as well as the net proceeds from the Listing. In addition, we are capable of obtaining financing from Independent Third Parties without relying on any guarantee or security provided by the Single Largest Group of Shareholders or their respective associates. As of the Latest Practicable Date, there was no outstanding loan or guarantee provided by or granted to the Single Largest Group of Shareholders or their respective associates.

During the Track Record Period and before the Latest Practicable Date, we had received a series of Pre-IPO Investments from third party investors. For details of the Pre-IPO Investments, see "History and Corporate Structure — Pre-IPO Investments."

In view of our Group's internal resources and the estimated net proceeds from the Listing, our Directors consider that our Group will have sufficient capital for its financial needs. 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 the Single Largest Group of Shareholders and their respective close associates after the Listing.

CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the Corporate Governance Code in Appendix 14 to the Listing Rules (the "**Corporate Governance Code**"), which sets out principles of good corporate governance. Our Directors recognize the importance of good corporate governance in protection of our Shareholders' interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and the Single Largest Group of Shareholders:

(a) we have established internal control mechanisms to identify connected transactions. Upon Listing, if we enter into connected transactions with the Single Largest Group of Shareholders or any of their respective associates, our Company will comply with the applicable Listing Rules;

(b) our Company has appointed independent non-executive Directors to ensure the effective exercise of independent judgements on the decision-making process of our Board and provide independent advice to our Shareholders;

(c) our independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between our Group and the Single Largest Group of Shareholders ("**Annual Review**") and provide impartial and professional advice to protect the interests of our minority Shareholders;

(d) our Company shall disclose decisions with basis on matters reviewed by the independent non-executive Directors either through annual report, or by way of announcement and/or other documents issued or published by our Company as required under the Listing Rules;

(e) the Single Largest Group of Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the Annual Review;

(f) in the event that any of our Directors and/or their respective close associates has material interest in any matter to be deliberated by our Board, he/she/they may not vote on the resolutions of our Board considering and approving the matter and shall not be counted towards the quorum for the voting pursuant to the applicable provisions in the Articles of Association;

(g) our Company has appointed Somerley Capital Limited as the compliance adviser, which will provide advice and guidance to our Company in respect of compliance with applicable laws and the Listing Rules including various requirements relating to directors' duties and internal control; and

(h) where the advice from independent professional, such as that from financial adviser, is reasonably requested by our Directors (including the independent non-executive Directors), the appointment of such independent professional will be made at our Company's expenses.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between the Single Largest Group of Shareholders and their respective close associates and our Group and to protect the interests of our Shareholders, in particular, the minority Shareholders.

So far as our Directors are aware, immediately following the completion of the Global Offering and assuming that the Over-allotment Option is not exercised, the following persons will have interests and/or short positions (as applicable) in the Shares or underlying shares of our Company, which would be required to be disclosed to us and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of the Company or any other members of the Group:

Long Positions in the Shares of the Company

Name of substantial shareholder	Nature of interest	Number and class of Shares held	Approximate percentage of shareholding in the relevant class of Shares of our Company	Approximate percentage of shareholding in our Company
Mr. Zhang.	Beneficial owner	17,248,854	22.22%	16.65%
	Interest in a controlled corporation[(1)]	Domestic Shares 5,331,308	6.87%	5.15%
	Interest of a party to an agreement[(2)]	Domestic Shares 2,796,117	3.60%	2.70%
Mr. Chen	Beneficial owner	Domestic Shares 1,912,760	2.46%	1.85%
	Interest of a party to an agreement[(2)]	Domestic Shares 23,463,519	30.22%	22.65%
Mr. Gao	Beneficial owner	Domestic Shares 883,357	1.14%	0.85%
	Interest of a party to an agreement[(2)]	Domestic Shares 22,580,162	31.55%	23.65%
Yadong Beichen[(3)] . .	Beneficial owner	Domestic Shares 10,272,503	13.23%	9.92%
	Interest of a party to an agreement[(4)]	Domestic Shares 114,253	0.15%	0.11%
Ping An Healthtech[(5)]	Beneficial owner	Domestic Shares 7,169,737	9.24%	6.92%
Ms. Xu[(6)]	Interest in controlled corporations[(6)]	Domestic Shares 6,486,253	8.35%	6.26%
Shiji Sisu[(7)]	Beneficial owner	Domestic Shares 5,942,699	7.65%	5.74%
		Domestic Shares		

Notes:

(1) As of the Latest Practicable Date, Mr. Zhang was the general partner of Airdoc Universe. Therefore, Mr. Zhang was deemed to be interested in the Shares held by Airdoc Universe under the SFO.

(2) As of the Latest Practicable Date, pursuant to the Concert Party Agreement, Mr. Zhang, Mr. Chen and Mr. Gao agreed to act in concert by aligning their votes at Shareholders' meetings of the Company. Therefore, they are deemed to be jointly interested in the aggregate number of Shares held by each other under the SFO.

(3) As of the Latest Practicable Date, Yadong Beichen was held by Shanghai Ruikun Venture Capital Co., Ltd. (上海銳坤創業投資有限公司) ("**Shanghai Ruikun**") and Shanghai Fosun Industrial Investment Co., Ltd. (上海復星產業投資有限公司) ("**Shanghai Fosun**") as to 64.1% and 35.9%, respectively. Shanghai Ruikun was owned as to 98% by Shanghai Fosun High Technology Group Finance Co., Ltd. (上海復星高科技(集團)有限公司) ("**Fosun High Technology**"), which was wholly owned by Fosun International Limited (復星國際有限公司) ("**Fosun International**"). Shanghai Fosun was wholly owned by Fosun High Technology. Therefore, each of Shanghai Ruikun, Shanghai Fosun, Fosun High Technology and Fosun International is deemed to be interested in the Shares held by Yadong Beichen under the SFO.

(4) As of the Latest Practicable Date, pursuant to the voting proxy arrangement between Ningbo Xingbangyu Business Management Consulting Partnership (Limited Partnership)* (寧波星邦鬱企業管理諮詢合夥企業(有限合夥)) ("**Xingbangyu**") and Yadong Beichen, Xingbangyu conferred the voting right of the Shares held by it on Yadong Beichen. Therefore, Yadong Beichen was deemed to be interested in the Shares held by Xingbangyu under the SFO.

(5) As of the Latest Practicable Date, Ping An Healthtech was wholly owned by Ping An Technology (Shenzhen) Co., Ltd. (平安科技(深圳)有限公司) ("**Ping An Technology**"), which was owned by Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司) ("**Ping An Insurance**") and Shenzhen Ping An Financial Technology Consulting Co., Ltd. (深圳平安金融科技諮詢有限公司) ("**Ping An Financial**") as to 68.4% and 31.6%, respectively. Therefore, each of Ping An Technology, Ping An Insurance and Ping An Financial is deemed to be interested in the Shares held by Ping An Healthtech under the SFO.

(6) As of the Latest Practicable Date, Ms. XU Yanhua (徐彥華) ("**Ms. Xu**"), an employee of our Group, was the general partner of Suqian Airdoc and Suqian Zhongyou, respectively. Therefore, Ms. Xu is deemed to be interested in the 4,166,665 and 2,319,588 Shares respectively held by Suqian Airdoc and Suqian Zhongyou under the SFO.

(7) As of the Latest Practicable Date, Shiji Sisu was wholly owned by Sogou Information which was ultimately controlled by Tencent Holdings Limited. Therefore, each of Sogou Information and Tencent Holdings Limited is deemed to be interested in the Shares held by Shiji Sisu under the SFO.

Save as otherwise disclosed herein, our Directors are not aware of any persons who will, immediately following the Global Offering (assuming the Over-allotment Option is not exercised), have any interests and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group.

SHARE CAPITAL

Immediately before the Global Offering

As of the Latest Practicable Date, our registered capital was RMB81,300,813, divided into 77,633,895 Domestic Shares and 3,666,918 Unlisted Foreign Shares with a nominal value of RMB1.00 each.

Upon the Completion of the Global Offering

Immediately following the completion of the Global Offering assuming the Over-allotment Option is not exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate % of the share capital
Domestic Shares in issue	77,633,895	74.96%
H Shares converted from Unlisted Foreign Shares[(1)]	3,666,918	3.54%
H Shares to be issued pursuant to the Global Offering	22,267,200	21.50%
Total	**103,568,013**	**100%**

Assuming the Over-allotment Option is exercised in full, the share capital of our Company upon completion of the Global Offering will be as follows:

Description of Shares	Number of Shares	Approximate % of the share capital
Domestic Shares in issue	77,633,895	72.62%
H Shares converted from Unlisted Foreign Shares[(1)]	3,666,918	3.43%
H Shares to be issued pursuant to the Global Offering	25,607,200	23.95%
Total	**106,908,013**	**100%**

Note:

(1) Following the completion of the Global Offering and subject to the approvals of the CSRC, 1,571,536 Unlisted Foreign Shares held by LBC Sunshine Healthcare Fund II L.P., 1,571,536 Unlisted Foreign Shares held by LAV ImmOn Hong Kong Limited, 314,308 Unlisted Foreign Shares held by OrbiMed New Horizons Master Fund L.P. and 209,538 Unlisted Foreign Shares held by OrbiMed Genesis Master Fund, L.P. will be converted into H Shares on a one-for-one basis and listed on the Stock Exchange for trading.

SHARES OF OUR COMPANY

Upon completion of the Global Offering, our Company will have two classes of Shares, namely Domestic Shares and H Shares, both are ordinary Shares in our share capital. However, the H Shares generally may not be subscribed for by, or traded between, legal or natural persons of the PRC, apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, and other persons who are entitled to hold the H Shares pursuant to relevant PRC laws and regulations or upon approval by any competent authorities.

RANKING

The differences between the two classes of shares and the provisions on class rights, the dispatch of notices and financial reports to Shareholders, dispute resolution, registration of Shares on different registers of members, the method of share transfer and appointment of dividend receiving agents are set forth in the Articles of Association as summarized in "Appendix V — Summary of the Articles of Association." The rights conferred on any class of Shareholders may not be varied or abrogated unless approved by a special resolution of the general meeting of Shareholders and by the holders of Shares of that class at a separate meeting. The circumstances which shall be deemed to be a variation or abrogation of the rights of a class are listed in "Appendix V — Summary of the Articles of Association."

Except for the differences above, the Domestic Shares and the H Shares will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus. All dividends in respect of the H Shares are to be declared in RMB and paid by our Company in Hong Kong dollars or in the form of H Shares.

CONVERSION OF OUR DOMESTIC SHARES INTO H SHARES

All our Domestic Shares are not listed or traded on any stock exchange. According to the regulations issued by the securities regulatory authorities of the State Council and our Articles of Association, the Domestic Shares may be converted into H Shares, and such converted Shares may be listed and traded on an overseas stock exchange provided that the conversion, listing and trading of such converted Shares have been approved by the securities regulatory authorities of the State Council. Additionally, such conversion, trading and listing shall meet any requirement of internal approval process and in all respects comply with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

If any of the Domestic Shares are to be converted, listed and traded as H Shares on the Stock Exchange, such conversion, the approvals of the relevant PRC regulatory authorities, including CSRC, and the approval of the Stock Exchange are necessary. Based on the procedures for the conversion of Domestic Shares into H Shares as set forth below, we may apply for the listing of all or any portion of the Domestic Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the H Share register. As the listing of additional Shares after the Global Offering on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for listing at the time of our listing in Hong Kong. No class Shareholder voting is required for the conversion of such Shares or the listing and trading of such converted Shares on an overseas stock exchange. Any application for listing of the converted Shares on the Stock Exchange after our initial listing is subject to prior notification by way of announcement to inform our Shareholders and the public of any proposed conversion.

Registration on our H Share register will be conditional on: (a) our H Share Registrar lodging with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register and the due dispatch of H Share certificates, and (b) the admission of the H Shares to trade on the Stock Exchange in compliance with the Listing Rules, the General Rules of CCASS and the CCASS Operational Procedures in force from time to time. Until the converted Shares are re-registered on our H Share register, such Shares would not be listed as H Shares. The relevant procedural requirements for the conversion of Domestic Shares into H Shares are as follows:

- The holder of Domestic Shares shall obtain the requisite approval of the CSRC or the relevant securities regulatory authorities of the State Council for the conversion of all or part of its Domestic Shares into H Shares.

- The holder of Domestic Shares shall issue to us a removal request in respect of a specified number of Shares attaching the relevant documents of title.

- Subject to our Company being satisfied with the authenticity of the documents and with the approval of our Board, we would then issue a notice to our H Share Registrar with instructions that, with effect from a specified date, our H Share Registrar is to issue the relevant holders with H Share certificates for such specified number of Shares.

- The relevant Domestic Shares will be withdrawn from the Domestic Shares register and re-registered on our H Share register maintained in Hong Kong on the condition that:

  - our H Share Registrar lodges with the Stock Exchange a letter confirming the proper entry of the relevant Shares on the H Share register and the due dispatch of share certificates; and

  - the admission of the H Shares (converted from the Domestic Shares) to trade in Hong Kong will comply with the Listing Rules and the general rules of CCASS and CCASS Operational Procedures in force from time to time.

- Upon completion of the conversion, the shareholding of the relevant holder of Domestic Shares on our domestic share register will be reduced by such number of Domestic Shares converted and the number of H Shares in the H Share register will correspondingly increase by the same number of Shares.

- We will comply with the Listing Rules to inform Shareholders and the public by way of an announcement of such fact not less than three days prior to the proposed effective date.

Memorandum of the Understanding among the Shareholders

On June 7, 2021, our Shareholders entered into a legally binding memorandum of understanding (the "**Memorandum**"), pursuant to which, among others, (a) holders of the Domestic Shares should inform the Founder of their respective intentions to apply for the listing and circulation of the Domestic Shares on the Stock Exchange (the "**H Share Full Circulation**") within six months after the Listing Date; (b) the Founder should, within two months after being informed of the intention of the holders of the Domestic Share, facilitate the formulation and discussion of the proposal for the adoption of H Share Full Circulation in the relevant board and shareholders' meetings of the Company; and (c) within two months after the proposal for the adoption of H Share Full Circulation is approved by the Shareholders, facilitate the application for H Share Full Circulation by the Company to CSRC.

Following the Listing, the share capital of our Company will comprise H Shares and Domestic Shares, which are regarded as different classes of Shares under the Articles of Association. As Domestic Shares are not tradeable publicly, holders of the Domestic Shares are subject to significantly different risks relating to the lack of liquidity of the Domestic Shares they invested in, compared to investors in the Global Offering who invest in H Shares. Given the

Memorandum is private arrangements between shareholders, the entering into of the Memorandum does not fall within the Guidance Letter HKEx-GL43-12 issued in October 2012 by the Stock Exchange.

TRANSFER OF SHARES ISSUED PRIOR TO LISTING DATE

The PRC Company Law provides that in relation to the public share offering of a company, the shares of the company which have been issued prior to the offering shall not be transferred within one year from the date of the listing. Accordingly, Shares issued by our Company prior to the Listing Date shall be subject to this statutory restriction and shall not be transferred for a period of one year from the Listing Date.

For details of the lock-up undertaking given by our Single Largest Group of Shareholders, see "Underwriting — Underwriting Arrangements and Expenses — Undertakings to the Stock Exchange pursuant to the Listing Rules — Undertakings by the Single Largest Group of Shareholders."

REGISTRATION OF SHARES NOT LISTED ON THE OVERSEAS STOCK EXCHANGE

According to the Notice of Centralized Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange (《關於境外上市公司非境外上市股份集中登記存管有關事宜的通知》) issued by the CSRC, an overseas listed company is required to register its shares that are not listed on the overseas stock exchange with CSDC within 15 Business Days upon listing and provide a written report to the CSRC regarding the centralized registration and deposit of its unlisted shares as well as the current offering and listing of shares.

RESTRICTIONS OF SHARE TRANSFER BY DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Our Directors, Supervisors and senior management shall declare their shareholdings in our Company and any changes thereof. The Shares that the aforesaid persons held in our Company are proscribed from being transferred within one year from the date on which the Shares are listed and traded on a stock exchange, nor within half a year after they leave their positions in our Company. Other restrictions on the transfer of our Shares held by our Directors, Supervisors and senior management are set out in the Article of Association, a summary of which is set out in "Appendix V — Summary of the Articles of Association."

SHAREHOLDERS' GENERAL MEETINGS AND CLASS MEETINGS

For details of circumstances under which our general Shareholders' meeting and classified Shareholders' meeting are required, see "Appendix V — Summary of the Articles of Association" and "Appendix IV — Summary of Principal Legal and Regulatory Provisions."

GENERAL MANDATE TO ISSUE SHARES

Subject to the completion of the Global Offering, our Board has been granted a general mandate to allot and issue H Shares at any time within a period up to the date of the conclusion of the next annual general meeting of the Shareholders or the date on which our Shareholders pass a special resolution to revoke or change such mandate, whichever is earlier, upon such terms and conditions and for such purposes and to such persons as our Board in their absolute discretion deem fit, and to make necessary amendments to the Articles of Association, provided that, the number of H Shares to be issued shall not exceed 20% of the number of H Shares in issue as at the Listing Date.

Furthermore, we need to obtain approvals from the CSRC and other relevant PRC authorities for the actual issuance of H Shares.

For further details on this general mandate, see "Appendix VI — Statutory and General Information — A. Further Information about our Group — 4. Shareholders' Resolutions."

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a "**Cornerstone Investment Agreement**", and together the "**Cornerstone Investment Agreements**") with the cornerstone investors set out below (each a "**Cornerstone Investor**", and together the "**Cornerstone Investors**"), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe at the Offer Price for a certain number of Offer Shares (rounded down to the nearest whole board lot of 100 H Shares) that may be purchased for an aggregate amount of US$69.5 million (or approximately HK$540.6 million) (calculated based on the conversion rate of US$1.00 to HK$7.7789) (the "**Cornerstone Placing**").

Assuming an Offer Price of HK$75.10, 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 7,198,844 Offer Shares, representing approximately 32.3% of the Offer Shares pursuant to the Global Offering, approximately 27.8% of the H Shares in issue upon completion of the Global Offering and approximately 7.0% 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$78.20, 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 6,913,470 Offer Shares, representing approximately 31.0% of the Offer Shares pursuant to the Global Offering, approximately 26.7% of the H Shares in issue upon completion of the Global Offering and approximately 6.7% 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$81.30, 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 6,649,856 Offer Shares, representing approximately 29.9% of the Offer Shares pursuant to the Global Offering, approximately 25.6% of the H Shares in issue upon completion of the Global Offering and approximately 6.4% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Our Company is of the view that, leveraging on the Cornerstone Investors' investment experience, in particular in the 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 prospects. Other than those Cornerstone Investors which are our existing Shareholders or their close associates as described hereunder, our Company became acquainted with each of the Cornerstone Investors through introduction by certain Underwriters 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 be counted towards the public float of our Company under Rule 8.08 of the Listing Rules and in compliance with the requirement under Rule 8.08(3) of the Listing Rules, and will not be counted towards the public float of our Company for the purpose of Rule 18A.07 of the Listing Rules. Immediately following the completion of the Global Offering, none of the Cornerstone Investors will become a substantial Shareholder of our Company, and 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.

Lake Bleu Prime, LAV and OrbiMed (each as defined hereunder) are Pre-IPO Investors and existing Shareholders of our Company or their close associates. They have been permitted to participate in the Cornerstone Placing pursuant to paragraph 5.2 of the Stock Exchange Guidance Letter HKEX-GL92-18 (issued in April 2018 and updated in October 2019 and April 2020) under a waiver from strict compliance with the requirements under Rule 10.04 of, and a consent under paragraph 5(2) of Appendix 6 to, the Listing Rules granted by the Stock Exchange.

Save as disclosed above, to the best knowledge of our Company, (i) each of the Cornerstone Investors is an Independent Third Party; (ii) other than Lake Bleu Prime, LAV and OrbiMed which are existing Shareholders of our Company or their close associates as described above, none of the Cornerstone Investors is accustomed to take instructions from our Company, its subsidiaries, the Directors, chief executive, the Single Largest Group of Shareholders, substantial Shareholders, existing Shareholders or their respective close associates in relation to the acquisition, disposal, voting or other disposition of H Shares registered in its name or otherwise held by it; and (iii) other than Lake Bleu Prime, LAV and OrbiMed which are existing Shareholders of our Company or their close associates as described above, none of the subscription of the relevant Offer Shares by any of the Cornerstone Investors is financed by our Company, the Directors, chief executives, the Single Largest Group of Shareholders, substantial Shareholders, existing Shareholders 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 will be financed by their own internal resources. There are no side arrangements or agreements between our Group 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 November 4, 2021.

In addition to the closing conditions as set out in "— Closing Conditions" below, the obligation of LAV and OrbiMed to subscribe for the Offer Shares under the relevant Cornerstone Investment Agreement is subject to the respective representations, warranties, acknowledgements, undertakings and confirmations of our Company under the relevant Cornerstone Investment Agreement being accurate, true and complete in all material respects and not misleading and that there being no material breach of the Cornerstone Investment Agreement on the part of our Company.

Save for Lake Bleu Prime and CloudAlpha (as defined hereunder), each of the Cornerstone Investors has agreed that the Joint Sponsors and the relevant member of 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 deferred 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 for the Offer Shares to be subscribed by the Cornerstone Investors pursuant to the Cornerstone Investment Agreements. There will be no delayed delivery of Offer Shares to be subscribed by the Cornerstone Investors pursuant to the Cornerstone Investment Agreements if there is no over-allocation in the International Offering. For details of the Over-allotment Option and the stabilization action by the Stabilization Manager, see "Structure of the Global Offering — The International Offering — Over-allotment Option" and "Structure of the Global Offering — Stabilization", respectively.

THE CORNERSTONE INVESTORS

The information about our Cornerstone Investors set forth below has been provided by our Cornerstone Investors in connection with the Cornerstone Placing.

CloudAlpha Master Fund ("CloudAlpha")

CloudAlpha is a leading global technology fund focusing on technology opportunities in Greater China and overseas. It typically invests in the disruptive leaders in TMT space. CloudAlpha was incorporated in 2014 and has an assets under management (the "**AUM**") of more than US$1 billion. It is managed by CloudAlpha Capital Management Limited, which is a Hong Kong based asset manager licensed to carry out Type 9 (asset management) regulated activities under the SFO. CloudAlpha is widely held by more than 100 investors across the globe, including institutional clients, family offices, high net wealth individuals, etc.

GF Fund Management Co., Ltd. ("GF Fund")

GF Fund, headquartered in Guangzhou, was established in August 2003 upon approval of CSRC with registered capital of RMB140,978,000 funded by a group of reputable institutional investors. GF Fund has been granted with requisite licenses to provide comprehensive services in asset management containing mutual funds, specific customers' assets management (discretionary account), securities investment advisory, Qualified Domestic Institutional Investor (QDII) programs, insurance funds entrusted management and social security funds in the PRC. As of the Latest Practicable Date, GF Fund is a non-wholly owned subsidiary of GF Securities Co., Ltd. (stock code: 1776.HK, 000776.SZ). As of December 31, 2020, GF Fund had AUM of RMB1,079 billion. GF Fund is a member of the same group of companies as GF Securities (Hong Kong) Brokerage Limited ("**GF Securities**"), one of the Joint Bookrunners, Joint Lead Managers and Underwriters of the Global Offering and therefore a connected client of GF Securities. We have applied to the Stock Exchange for, the Stock Exchange has granted us, its consent under paragraph 5(1) of Appendix 6 to the Listing Rules to permit GF Fund to participate in the Global Offering as a Cornerstone Investor subject to certain conditions. For details, see "Waivers from Strict Compliance with the Listing Rules and Exemption from Strict Compliance with the Companies (Winding up and Miscellaneous Provisions) Ordinance — Consent in Relation to Allocation of H Shares to Connected Client of the Connected Distributor."

IvyRock Asset Management (HK) Limited ("IvyRock")

IvyRock, as an investment manager or asset manager on behalf of Ivyrock China Focus Master Fund and IvyRock China Equity Master Fund, two institutional separately managed accounts (together, the "**IvyRock Funds**"), has agreed to subscribe for such number of H Shares.

IvyRock is incorporated with limited liability in Hong Kong in 2009 and licensed by the SFC to carry out type 9 (asset management) regulated activity in 2014. The ultimate beneficial owner of IvyRock is Mr. Yong HUANG. The IvyRock Funds pursue to achieve long-term capital

appreciation by investing primarily in the listed securities of companies which have great exposure to the Greater China region with a fundamentals-driven approach. As of the Latest Practicable Date, IvyRock had AUM of approximately US$1.0 billion.

Lake Bleu Prime Healthcare Master Fund Limited ("Lake Bleu Prime")

Lake Bleu Prime is managed by Lake Bleu Capital (Hong Kong) Limited. Lake Bleu Prime is a long-bias public equity fund focusing in Asia/Greater China healthcare. The fund primarily invests in public equities. The fund invests across the entire healthcare value chain, in pharmaceuticals, biotech, medical devices, distribution, hospitals and mobile health. Recently, Lake Bleu Prime acts as a cornerstone investor for Joinn Laboratories (stock code: 6127), Suzhou Basecare Medical (stock code: 2170), New Horizon Health (stock code: 6606), JD Health International Inc. (stock code: 6618), MicroPort CardioFlow Medtech Corporation (stock code: 2160), Akeso, Inc. (stock code: 9926), Pharmaron Beijing Co., Ltd. (stock code: 3759), RemeGen Co., Ltd. (stock code: 9995), Hygeia Healthcare Holdings Co., Limited (stock code: 6078), and Kangji Medical Holdings Limited (stock code: 9997). The fund AUM was not less than US$1.8 billion as of June 2021. Lake Bleu Prime, as a healthcare specialist, is keen to help the portfolio companies on value-added activities and has successfully helped many companies on this front. Lake Bleu Capital (Hong Kong) Limited is also licensed by the SFC to carry out type 9 regulated activities.

LAV Star Limited and LAV Star Opportunities Limited ("LAV")

LAV Star Limited is wholly-owned by LAV Fund VI, L.P. and LAV Star Opportunities Limited is wholly-owned by LAV Fund VI Opportunities, L.P. (together with LAV Fund VI, L.P., collectively, the "**LAV Fund VI**"). LAV Fund VI are Cayman exempted limited partnerships. The general partner of LAV Fund VI, L.P. and LAV Fund VI Opportunities, L.P. are LAV GP VI, L.P. and LAV GP VI Opportunities, L.P., respectively. The general partner of LAV GP VI, L.P. and LAV GP VI Opportunities, L.P. are LAV Corporate VI GP, Ltd. and LAV Corporate VI GP Opportunities, Ltd., respectively. LAV Fund VI are the investment arm of LAV Group (the "**LAV Group**"). LAV Group is an Asia-based life science investment firm with portfolios covering all major sectors of the biomedical and healthcare industry including biopharmaceuticals, medical devices, diagnostics and healthcare services. LAV Group is managed by a team of professionals with substantial biomedical domain expertise, as well as extensive investing experiences.

LAV Star Limited and LAV Star Opportunities Limited are associated with LAV ImmOn Hong Kong Limited, an existing Shareholder of our Company. LAV ImmOn Hong Kong Limited and LAV Fund VI are ultimately controlled by Dr. Yi Shi.

LMR Master Fund Limited ("LMR")

LMR was incorporated in the Cayman Islands on October 20, 2009 and is registered as a mutual fund. The registered address of LMR is PO Box 309, Ugland House, Grand Cayman KY1-1104. LMR's feeder fund, LMR Fund Limited, invests all of its assets into the ordinary shares of LMR. As of the Latest Practicable Date, LMR Fund Limited had more than 20 shareholders, all of which are Independent Third Parties. LMR Fund Limited has no ultimate beneficial owner as none of its shareholders holds over 25% of the equity interest in LMR Fund Limited. The investment objective of LMR is to seek to achieve capital appreciation with an absolute return focus. LMR aims to achieve this objective by investing in securities and other financial instruments on a global basis.

As of the Latest Practicable Date, the assets under management of LMR were approximately US$4,610 million.

OrbiMed Genesis Master Fund, L.P. and OrbiMed New Horizons Master Fund, L.P. ("OrbiMed")

OrbiMed Genesis Master Fund, L.P. is an exempted limited partnership established under the laws of the Cayman Islands. It is a pooled-investment fund with OrbiMed Advisors LLC acting as the investment manager. OrbiMed Advisors LLC is under common control of Carl L. Gordon, Sven H. Borho, and W. Carter Neild.

OrbiMed New Horizons Master Fund, L.P. is an exempted limited partnership established under the laws of the Cayman Islands. It is a pooled-investment fund with OrbiMed Advisors LLC acting as the investment manager. OrbiMed Advisors LLC is under common control of Carl L. Gordon, Sven H. Borho, and W. Carter Neild.

WT Asset Management Limited ("WT")

WT is a company incorporated in Hong Kong with limited liability and licensed by the SFC to carry on type 9 (asset management) regulated activity. WT is beneficially owned as to 100% by Mr. Tongshu Wang, who is an independent third party. WT has agreed to procure certain investors, namely WT China Fund Limited and/or WT China Focus Fund (the "**WT Funds**"), that WT has discretionary investment management power over, to subscribe for such number of the H Shares. The WT Funds are managed by WT as investment manager. The WT Funds pursue to achieve absolute return and long-term capital appreciation by investing primarily in the listed securities of companies which have great exposure or material impact by the Greater China region (which includes the PRC, Hong Kong, Macau and Taiwan). Investors of the WT Funds include but are not limited to pension funds, sovereign wealth funds, fund of funds, family offices and other sophisticated institutional investors. As of June 30, 2021, the total AUM of the WT Funds is approximately US$4.01 billion.

The table below sets forth details of the Cornerstone Placing:

Based on the Offer Price of HK$75.10 (being the low-end of the Offer Price Range)

			Assuming the Over-allotment Option is not exercised			Assuming the Over-allotment Option is fully exercised		
Cornerstone Investor	Investment Amount	Number of Offer Shares to be acquired[1]	Approximate % of the Offer Shares	Approximate % of the H Shares in issue	Approximate % of ownership	Approximate % of the Offer Shares	Approximate % of the H Shares in issue	Approximate % of ownership
	(US$ in million)							
CloudAlpha	15	1,553,700	7.0%	6.0%	1.5%	6.1%	5.3%	1.5%
GF Fund	10	1,035,800	4.7%	4.0%	1.0%	4.0%	3.5%	1.0%
IvyRock	7	725,000	3.3%	2.8%	0.7%	2.8%	2.5%	0.7%
Lake Bleu Prime	5	517,900	2.3%	2.0%	0.5%	2.0%	1.8%	0.5%
LAV	10	1,035,800	4.7%	4.0%	1.0%	4.0%	3.5%	1.0%
LMR	7.5	776,800	3.5%	3.0%	0.8%	3.0%	2.7%	0.7%
OrbiMed	5	517,900	2.3%	2.0%	0.5%	2.0%	1.8%	0.5%
WT	10	1,035,800	4.7%	4.0%	1.0%	4.0%	3.5%	1.0%
Total	**69.5**	7,198,700	**32.3%**	**27.8%**	**7.0%**	**28.1%**	**24.6%**	**6.7%**

Based on the Offer Price of HK$78.20 (being the mid-point of the Offer Price Range)

			Assuming the Over-allotment Option is not exercised			Assuming the Over-allotment Option is fully exercised		
Cornerstone Investor	Investment Amount	Number of Offer Shares to be acquired[1]	Approximate % of the Offer Shares	Approximate % of the H Shares in issue	Approximate % of ownership	Approximate % of the Offer Shares	Approximate % of the H Shares in issue	Approximate % of ownership
	(US$ in million)							
CloudAlpha	15	1,492,100	6.7%	5.8%	1.4%	5.8%	5.1%	1.4%
GF Fund	10	994,700	4.5%	3.8%	1.0%	3.9%	3.4%	0.9%
IvyRock	7	696,300	3.1%	2.7%	0.7%	2.7%	2.4%	0.7%
Lake Bleu Prime	5	497,300	2.2%	1.9%	0.5%	1.9%	1.7%	0.5%
LAV	10	994,700	4.5%	3.8%	1.0%	3.9%	3.4%	0.9%
LMR	7.5	746,000	3.4%	2.9%	0.7%	2.9%	2.5%	0.7%
OrbiMed	5	497,300	2.2%	1.9%	0.5%	1.9%	1.7%	0.5%
WT	10	994,700	4.5%	3.8%	1.0%	3.9%	3.4%	0.9%
Total	**69.5**	6,913,100	**31.0%**	**26.7%**	**6.7%**	**27.0%**	**23.6%**	**6.5%**

Based on the Offer Price of HK$81.30 (being the high-end of the Offer Price Range)

			Assuming the Over-allotment Option is not exercised			Assuming the Over-allotment Option is fully exercised		
Cornerstone Investor	**Investment Amount**	**Number of Offer Shares to be acquired[1]**	**Approximate % of the Offer Shares**	**Approximate % of the H Shares in issue**	**Approximate % of ownership**	**Approximate % of the Offer Shares**	**Approximate % of the H Shares in issue**	**Approximate % of ownership**
	(US$ in million)							
CloudAlpha	15	1,435,200	6.4%	5.5%	1.4%	5.6%	4.9%	1.3%
GF Fund	10	956,800	4.3%	3.7%	0.9%	3.7%	3.3%	0.9%
IvyRock	7	669,700	3.0%	2.6%	0.6%	2.6%	2.3%	0.6%
Lake Bleu Prime	5	478,400	2.1%	1.8%	0.5%	1.9%	1.6%	0.4%
LAV	10	956,800	4.3%	3.7%	0.9%	3.7%	3.3%	0.9%
LMR	7.5	717,600	3.2%	2.8%	0.7%	2.8%	2.5%	0.7%
OrbiMed	5	478,400	2.1%	1.8%	0.5%	1.9%	1.6%	0.4%
WT	10	956,800	4.3%	3.7%	0.9%	3.7%	3.3%	0.9%
Total	**69.5**	6,649,700	**29.9%**	**25.6%**	**6.4%**	**26.0%**	**22.7%**	**6.2%**

Notes:

(1) Subject to rounding down to the nearest whole board lot of 100 H Shares.

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 H Shares (including the H Shares under the Cornerstone Placing) as well as other applicable waivers and approvals and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;

(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 Investors under the Cornerstone Investment Agreements are and will be (as of the closing of the Cornerstone Investment Agreements) accurate and true in all material respects and not misleading and that there is no material breach of the Cornerstone Investment Agreement on the part of the Cornerstone Investors.

RESTRICTIONS ON DISPOSALS BY THE CORNERSTONE INVESTORS

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.

You should read the following discussion and analysis in conjunction with our audited consolidated financial information, including the notes thereto, included in the Accountants' Report set out in Appendix I to this prospectus. Our audited consolidated financial information has been prepared in accordance with IFRS.

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 assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors. We discuss factors that we believe could cause or contribute to these differences below and elsewhere in this prospectus, including those set forth in "Risk Factors" and "Forward-Looking Statements" in this prospectus.

OVERVIEW

Founded in 2015, we are one of the first to provide AI-empowered retina-based early detection, diagnosis and health risk assessment solutions in China, according to Frost & Sullivan. Leveraging retinal imaging, multimodal data analyses and AI deep learning algorithms, our solutions differ from traditional chronic disease early detection and diagnosis, enabling non-invasive, accurate, fast, effective and scalable detection and diagnosis of chronic diseases in both medical institutions and consumer healthcare providers. We have three versions of Airdoc-AIFUNDUS, our in-house developed Core Product, in our portfolio. Our Airdoc-AIFUNDUS (1.0), an AI-based Software as a Medical Device ("**SaMD**") approved for auxiliary diagnosis of diabetic retinopathy to assist physicians with medical diagnosis, was the first of its kind to obtain the Class III medical device certificate from the NMPA, enabling it to be used in hospitals in China to assist physicians with medical diagnoses. We have started commercialization of Airdoc-AIFUNDUS (1.0) for a short period of time and began to generate revenue from our Airdoc-AIFUNDUS (1.0) since the first quarter of 2021. Airdoc-AIFUNDUS (2.0) is designed for the auxiliary diagnosis of hypertensive retinopathy, retinal vein occlusion and AMD. Airdoc-AIFUNDUS (3.0) is designed for the auxiliary diagnosis of pathological myopia and retinal detachment. In addition, we have a pipeline of seven other in-house developed SaMDs, covering glaucoma, cataracts, ICVD and ASCVD, gestational diabetic retinopathy, gestational hypertensive retinopathy, papilledema intracranial hypertension retinopathy and anemia, and health risk assessment solutions to address various healthcare needs, including hospitals, community clinics, health checkup centers, insurance companies, optometry centers and pharmacies. During

the Track Record Period, we generated limited revenue from provision of AI-based health risk assessment solutions and sales of hardware devices. We have not been profitable and have incurred net losses in each period comprising the Track Record Period.

BASIS OF PREPARATION AND PRESENTATION

The Company was incorporated in PRC as a limited liability company on September 9, 2015 and was converted into a joint stock company with limited liability on December 28, 2020. See "History and Corporate Structure." Our consolidated financial information has been prepared in accordance with all applicable IFRSs, which has been prepared under the historical cost basis, except for other investments in equity securities and the forward contract element of the financial instruments issued to investors. The preparation of our consolidated financial information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the accounting policies. Areas involving higher degree of judgment or of higher complexity, and areas where assumptions and estimates are significant to the preparation of our consolidated financial information are set out in note 3 to the Accountants' Report in Appendix I to this prospectus.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Growth and Competitive Landscape of AI-Based Medical Imaging Market in China

Advancements in AI technologies, especially deep learning technologies, have driven the integration of AI in the healthcare industry. With the ability to analyze large volumes of complex data by learning from real-world feedback, AI technologies have been increasingly applied to medical imaging in various applications, including early detection, diagnosis and health risk assessment. Compared to traditional medical imaging, AI-based medical imaging enables a non-invasive, accurate, fast, effective and scalable solutions to detect, diagnose and assess risks for diseases to address various healthcare needs for the wider population. China's AI-based medical imaging market is expected to increase from RMB0.3 billion in 2020 to RMB92.3 billion in 2030 at a 76.7% CAGR from 2020 to 2030. AI-based medical imaging is used in medical institutions primarily to assist physicians with disease detection and diagnoses, and accounts for approximately 86% of the AI-based medical imaging market in 2020.

We focus on developing AI-empowered and retina-based technology to enhance our existing pipeline and to provide comprehensive and multi-faceted high-quality AI-based solutions for chronic disease early detection and diagnosis. Our financial performance and future growth depend on the growth of the China's AI-based medical imaging market, which we believe has tremendous potential considering the following key drivers: (i) imbalanced allocation of medical resources and shortage of experienced physicians; (ii) technology upgrades and innovation; (iii) increasing

government expenditure and policy support for AI-based medical imaging; and (iv) growing capital support. In particular, since 2016, the PRC government had promulgated a series of laws and regulations to promote the development of AI-based medical imaging in China. For example, the NMPA updated the Medical Device Classification Catalogue (《醫療器械分類目錄》) to include AI medical devices as Class II or Class III medical devices. In July 2019, the NMPA published the Evaluation Guidelines for Deep Learning Assisted Decision-Making Medical Device Software (《深度學習輔助決策醫療器械軟件審評要點》), which further clarifies the clinical trial requirements and approval procedures for deep learning-based medical devices. In 2020, the PRC government included AI-based diabetic screening software in the Guidelines for the Prevention and Treatment of Type II Diabetes Mellitus in China (2020 Edition) (《中國2型糖尿病防治指南(2020版)》), serving as strong recognition and validation of AI-based diabetic retinopathy screening for the prevention and treatment of diabetes. For details, see "Industry Overview." By leveraging our leading position and first-mover advantages in this space, we are well-positioned to capture the significant market growth potential. However, government policies relating to the AI-based retinal imaging industry and the AI-based medical imaging industry in China generally are still being developed and may change significantly in the future. For details, see "Risk Factors — Risks Relating to Extensive Government Regulations — Any adverse change in the regulatory regime in general may limit our ability to provide products and lead any lack of requisite licenses or certificates applicable to our business."

Our Ability to Increase Sales and Expand Indications of Our Core Product

Our ability to successfully commercialize Airdoc-AIFUNDUS, our Core Product, will affect our business and results of operations. Our Airdoc-AIFUNDUS is an AI-based SaMD that uses sophisticated deep learning algorithms to accurately detect and diagnose chronic diseases from retinal images. Airdoc-AIFUNDUS (1.0) obtained the Class III medical device certificate from the NMPA in August 2020. We plan to market our Airdoc-AIFUNDUS (1.0) to medical institutions, including hospitals, community clinics and health checkup centers. As of the Latest Practicable Date, pricing guidance of fundus image analysis in large populations had been issued by local governmental authorities in five provinces pursuant to which Airdoc-AIFUNDUS can be utilized. We plan to assist hospitals to obtain pricing guidance in Guangdong, Yunnan and Hubei provinces in the first quarter of 2022, the second quarter of 2022 and the fourth quarter of 2022, respectively, and seek the inclusion of Airdoc-AIFUNDUS (1.0) in the pricing guidance in most provinces in China after 2023. Our ability to successfully increase the sales of Airdoc-AIFUNDUS (1.0) in public hospitals would depend upon the issuance of pricing guidance in a timely manner and the degree of market acceptance our product achieves, particularly among hospitals and physicians. We will continue to collaborate with KOLs, physicians and experts to promote our products and increase market acceptance.

We expand the indications of Airdoc-AIFUNDUS (2.0) to cover hypertensive retinopathy, retinal vein occlusion and AMD and Airdoc-AIFUNDUS (3.0) to cover pathological myopia and retinal detachment. We plan to commence our multi-center clinical trial for Airdoc-AIFUNDUS (2.0) in November 2021 and to apply for a registration approval of new indications with the NMPA in the second quarter of 2022. We plan to commence our multi-center clinical trial for Airdoc-AIFUNDUS (3.0) in October 2022 and to apply for a registration approval of new indications with the NMPA in the first half of 2024.

Our Ability to Continue to Develop and Commercialize Our Pipeline Products in Various Healthcare Environments

Our results of operations depend on the successful development and commercialization of our product candidates in various healthcare environments. In addition to Airdoc-AIFUNDUS, we have a portfolio of other products and product candidates for detection and diagnosis of chronic diseases. Our glaucoma detection SaMD is used to process and analyze fundus images to detect glaucoma by measuring the cup to disc ratio of the optic disc. We have received a Class II medical device registration certificate for our glaucoma detection SaMD from the Shanghai branch of the NMPA in June 2020 and have initiated the commercialization of our glaucoma detection SaMD. Our cataracts detection SaMD is designed to detect early symptoms of cataracts by measuring the density of the lens of the eye. We had submitted the Class II medical device registration certificate application for our cataracts detection SaMD in April 2021. We are developing five other SaMDs for detection and auxiliary diagnosis, covering ICVD and ASCVD, gestational diabetic retinopathy, gestational hypertensive retinopathy, papilledema intracranial hypertension retinopathy and anemia based on our AI-empowered retina-based early detection, diagnosis and health risk assessment technology platform.

During the Track Record Period, we marketed AI-based health risk assessment solutions to a wide range of customers in various healthcare environments, including community clinics, health checkup centers, insurance companies, optometry centers and pharmacies. During the Track Record Period, a significant amount of our revenue was derived from our health risk assessment solutions. In 2019 and 2020 and the six months ended June 30, 2020 and 2021, revenue from provision of AI-based software solutions, representing our provision of health risk assessment solutions, accounted for approximately 71.8%, 89.9%, 91.5% and 86.1% of our revenue for the same period, respectively.

Our Ability to Successfully Manufacture Our Hardware Devices and Market Such Products Cost-Effectively

We have three intelligent, fully automated hardware devices with AI technology in our portfolio to optimize image collection for subsequent analysis with our SaMDs. Our AI-FUNDUSCAMERA-P is a portable, fully automatic and fully self-service fundus camera and we have received a Class II medical device registration certificate for it in March 2021. Our AI-FUNDUSCAMERA-D, which is currently at research and development stage, is a desktop fundus camera with comparable image quality but significantly lower costs than traditional high-end desktop fundus cameras. We expect to apply for a Class II medical device registration certificate in the second quarter of 2022. Our AI-FUNDUSCAMERA-M, a multimodal health scanner, is in the research and development stage. We expect to apply for a Class II medical device registration certificate in the fourth quarter of 2023.

We plan to provide our self-developed hardware devices used with our software. While our AI-based SaMDs are compatible with most fundus cameras on the market, we believe that our in-house developed hardware devices powered by on-device AI technologies provide an improved user experience, better algorithm optimization with our software, seamless end-to-end performance and cost-effectiveness that make us the solution-of-choice to customers. We started pilot production of our AI-FUNDUSCAMERA-P in March 2020 to conduct quality and durability tests and commenced large-scale commercial production of it in April 2021. We engaged OEM service providers to manufacture our hardware devices. We expect to incur significant costs on the continuous research and development and manufacturing of our in-house developed hardware devices.

Our Operating Efficiency

Our operating expenses during the Track Record Period primarily consisted of research and development expenses and selling expenses, details of which are set out below.

- *Research and development expenses*. Our research and development expenses primarily consisted of employee benefits expenses, testing expenses, depreciation expenses and leasing expenses during the Track Record Period. Positive outcomes from our research and development activities are critical to the sustainable growth of our business and we have focused on the research and development of our products by devoting significant resources on research and development activities. Research and development expenses have been and are expected to continue to be a major component of our operating expenses.

- *Selling expense*. Our selling expenses primarily consisted of employee benefits expenses, marketing expenses and travel expenses during the Track Record Period. Selling expenses are critical to our business as we need to devote significant resources on sales and marketing activities to support the expanded marketing of our existing product and the commercialization of our product candidates once approved.

We expect our operating expense to evolve as we develop and expand our business. As we gradually obtain regulatory approvals and commence clinical trials of our product portfolio, and as we continue to develop new products and technologies, we expect to incur substantial research and development expenses and selling expenses. We may also incur higher administrative expenses as a result of our business expansion. Moreover, to support our business growth, we also expect to expand our headcount, particularly for our research and development and commercialization teams, and incur higher staff costs as a result.

Our Ability to Attract and Retain Talents for Business Growth

We are led by an experienced and dedicated management team with in-depth knowledge, strategic market insight and extensive experience in a wide range of fields related to AI medical devices. During the Track Record Period, we recorded significant employee benefits expenses and recognized these expenses in our statements of profit or loss. The research and development of AI-based medical imaging is a complex process and often requires professional and scientific expertise and knowledge in the fields of deep learning, medicine, computer vision, data analytics, Internet service, medical device and biology and sustained funding for its improvement. Our ability to develop and commercialize our product pipeline is fundamentally driven by the continuous contribution and innovation by our employees. In addition, the talents for AI-based medical imaging market, especially those with multi-disciplinary backgrounds and experience, are very limited. Therefore, we expect to devote substantial resources to attract and retain talents to ensure sustainable business growth in the future.

Seasonality

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

of our financial year than in the last quarter of our financial year. See "Risk Factors — Risks Relating to Commercialization, Sales and Distribution of Our Products — Our performance is subject to seasonal fluctuations."

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Our significant accounting policies which are important for an understanding of our financial positions and results of operations are set forth in detail in note 2 to the Accountants' Report set out in Appendix I of this prospectus. Some of the accounting policies involve subjective assumptions and estimates, as well as complex judgements relating to accounting items. In each case, the determination of these items requires management judgment based on information and financial data that may change in future periods. When reviewing our financial statements, you should consider (i) our selection of critical accounting policies, (ii) the judgment and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions.

Critical accounting estimates and judgments are those that are most important to the portrayal of our financial position and results of operations and require our management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and their accompanying disclosures during the Track Record Period, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods.

We continually evaluate these estimates based on our own historical experience, knowledge and assessment of current business and other conditions, our expectations regarding the future based on available information and our best assumptions, which together form our basis for making judgments about matters that are not readily apparent from other sources. Since the use of estimates is an integral component of the financial reporting process, our actual results could differ from those estimates and expectations. Some of our accounting policies require a higher degree of judgment than others in their application.

Revenue Recognition

Revenue is recognized when control over a product or service is transferred to the customer, at the amount of promised consideration to which we are expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

We generate revenue from provision of AI-based software solutions to our customers through contracts. Revenue is recognized at a point in time when performance obligation is completed and we have a present right to collect payment for the services performed. A portion of our revenue is generated from subscription contracts under which a customer pays a preset fee for a predetermined or unlimited number of transactions or services provided during the subscription period. Revenue from the subscription packages having a preset number of transactions is recognized as the services are provided, using the unit price agreed in the contract multiplied by the effective number of services provided. Revenue from the subscription packages having an unlimited volume is recognized on a straight-line basis during the contract term.

Revenue from the sales of hardware devices is recognized when the customer takes possession of and accepts the products.

If a contract has several performance obligations covering goods and/or services, the amount of revenue recognized is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

Revenue from other services mainly includes commissions from procurement service and software development service. Commissions from procurement service are recorded on a net basis which we earn in exchange for arranging for the specified goods to be provided by other parties. Revenue related to such commissions is recognized upon a time when we satisfy our performance obligations by rendering services. We provide software development service according to the customer's customization requirements. Revenue from software development service is recognized at a point in time when the software development is completed and transferred to customers.

A contract liability is recognized when the customer pays non-refundable consideration before we recognize the related revenue. A contract liability would also be recognized if we have an unconditional right to receive consideration before we recognize the related revenue. In such cases, a corresponding receivable would also be recognized.

Research and Development Expenses

Expenditure on research activities is recognized in profit or loss as incurred. Expenditure on development activities is capitalized if the product or process is technically and commercially feasible and we have sufficient resources and the intention to complete development. The expenditure capitalized includes the costs of materials, direct labor, and an appropriate proportion of overheads. Capitalized development costs are stated at cost less accumulated amortization and impairment losses. Other development expenditure is recognized as an expense in the period in which it is incurred. Research and development expenses are recognized as expenses during the Track Record Period.

Share-based Payments

The fair value of equity-settled share-based payment awards granted to employees is recognized as an employee cost with a corresponding increase in other reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the equity-settled share-based payment awards were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the equity-settled share-based payment awards, the total estimated fair value of the equity-settled share-based payment awards is spread over the vesting period, taking into account the probability that the equity-settled share-based payment awards will vest.

During the vesting period, the number of equity-settled share-based payment awards that are expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognized in prior years is charged/credited to the profit or loss for the year/period of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the other reserve. On vesting date, the amount recognized as an expense is adjusted to reflect the actual number of equity-settled share-based payment awards that vest (with a corresponding adjustment to the other reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of our shares. The equity amount is recognized in the other reserve.

DESCRIPTION OF CERTAIN KEY ITEMS OF THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income for the periods indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	Year Ended December 31,				Six Months Ended June 30,			
	2019		2020		2020		2021	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
					(Unaudited)			
	(RMB'000, except for percentages)							
Revenue	30,415	100.0%	47,672	100.0%	6,511	100.0%	49,477	100.0%
Cost of sales	(14,308)	(47.0)%	(18,585)	(39.0)%	(8,000)	(122.9)%	(17,774)	(35.9)%
Gross profit/(loss)	16,107	53.0%	29,087	61.0%	(1,489)	(22.9)%	31,703	64.1%
Other income	6,145	20.2%	5,012	10.5%	2,658	40.8%	4,063	8.2%
Research and development expenses	(41,212)	(135.5)%	(42,309)	(88.8)%	(17,228)	(264.6)%	(24,005)	(48.5)%
Selling expenses	(13,132)	(43.2)%	(25,801)	(54.1)%	(8,832)	(135.6)%	(23,602)	(47.7)%
Administrative expenses	(14,049)	(46.2)%	(17,902)	(37.6)%	(7,460)	(114.6)%	(25,211)	(51.0)%
Loss from operations	(46,141)	(151.7)%	(51,913)	(108.9)%	(32,351)	(496.9)%	(37,052)	(74.9)%
Finance costs	(46)	(0.2)%	(22)	(0.0)%	(9)	(0.1)%	(102)	(0.2)%
Changes in the carrying amount of financial instruments issued to investors	(40,945)	(134.6)%	(27,316)	(57.3)%	(16,300)	(250.3)%	—	—
Loss before taxation	(87,132)	(286.5)%	(79,251)	(166.2)%	(48,660)	(747.4)%	(37,154)	(75.1)%
Income tax	(7)	(0.0)%	(375)	(0.8)%	(115)	(1.8)%	(336)	(0.7)%
Loss for the year/period	(87,139)	(286.5)%	(79,626)	(167.0)%	(48,775)	(749.1)%	(37,490)	(75.8)%
Attributable to:								
Equity shareholders of the Company	(87,138)	(286.5)%	(80,064)	(167.9)%	(49,523)	(760.6)%	(37,597)	(76.0)%
Non-controlling interests	(1)	(0.0)%	438	0.9%	748	11.5%	107	0.2%
Other comprehensive income for the year/period, net of nil tax								
Items that will not be reclassified to profit or loss:								
Equity investments at FVOCI — net movement in fair value reserves (non-recycling)	—	—	1,607	3.4%	—	—	—	—
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of financial statements of foreign subsidiaries	387	1.3%	(112)	(0.2)%	(33)	(0.5)%	42	0.1%
Other comprehensive income for the year/period	387	1.3%	1,495	3.1%	(33)	(0.5)%	42	0.1%
Total comprehensive income for the year/period	(86,752)	(285.2)%	(78,131)	(163.9)%	(48,808)	(749.6)%	(37,448)	(75.7)%

Revenue

During the Track Record Period, we generated revenue from (i) provision of AI-based software solutions, which primarily represented our provision of health risk assessment solutions to healthcare providers, including community clinics, health checkup centers, insurance companies, optometry centers and pharmacies. We have just started commercialization of our Airdoc-AIFUNDUS (1.0) for a short period of time, and generated limited revenue from provision of our Airdoc-AIFUNDUS (1.0) in the six months ended June 30, 2021; (ii) sales of hardware devices, representing the third-party fundus cameras we sold together with our software; and (iii) other services, primarily including procurement services we provided to our customers for hardware devices supplied by third parties and software development services we provided to our customers according to their customization requirements. Depending on customer needs, we may sell our software as a standalone product or as a bundle with hardware developed by us or third parties.

The following table sets forth a breakdown of our revenue for the periods indicated:

	Year ended December 31,				Six months ended June 30,			
	2019		2020		2020		2021	
					(Unaudited)			
	(RMB'000, except for percentages)							
Provision of AI-based software solutions								
Health risk assessment solutions	21,851	71.8%	42,848	89.9%	5,958	91.5%	39,087	79.0%
Airdoc-AIFUNDUS (1.0)	—	—	—	—	—	—	3,513	7.1%
Subtotal	21,851	71.8%	42,848	89.9%	5,958	91.5%	42,600	86.1%
Sales of hardware devices	3,335	11.0%	3,340	7.0%	421	6.5%	6,001	12.1%
Other services								
Software development services	1,719	5.7%	531	1.1%	—	—	603	1.2%
Procurement services	3,510	11.5%	953	2.0%	132	2.0%	273	0.6%
Subtotal	5,229	17.2%	1,484	3.1%	132	2.0%	876	1.8%
Total	30,415	100.0%	47,672	100.0%	6,511	100.0%	49,477	100.0%

Provision of AI-based software solutions. Depending on the customer, we may charge a fee based on the actual amount of testing services we provided, or charge a preset fee for a predetermined or unlimited number of testing services we provided during the subscription period. Our sales agreement with our customers generally has a term of one to three years. We sell each of our software products as a separate product.

Sales of hardware devices. We also sold certain hardware devices, which are manufactured by third parties, to our customers. We recognized revenue of sales of such hardware devices on a gross basis, primarily because (i) we have full discretion in determining the pricing and full control over the delivery of such hardware devices; and (ii) we bear the inventory risks of such hardware devices.

Other services. Revenue from other services includes service fees from software development services and agent fees from procurement services. During the Track Record Period, we provided software development services according to our customer's customization requirements and charged a service fee. We also provided procurement services for foreign brand hardware devices on behalf of our customers and charged certain fees. We do not plan to actively expand the scale of such services in the future.

During the Track Record Period, we provided options to our customer to purchase a combination of our AI-based software solutions and compatible hardware devices in order to provide an improved user experiences. While the solutions offered to our customers are identical, depending on the specific requirements by our customers, we recognized such provision of hardware devices either as sales of hardware devices, or procurement services on behalf of our customers, in accordance with accounting requirements. Revenue generated from such arrangements was recognized under (i) sales of hardware devices, or (ii) procurement services, taking into consideration factors including, among others, (i) whether we are responsible for providing certain products or services; (ii) whether we have full discretion in determining the prices of such hardware devices; and (iii) whether we bear any inventory risks of such hardware devices.

In particular, we recorded our revenue as agency fees for procurement services (in other words, revenue in connection with such hardware devices is recognized on a "net" basis) in arrangements in which we (i) were not responsible for providing such hardware devices; (ii) did not bear the inventory risks derived from such hardware devices; and (iii) did not have full discretion in determining the prices of such hardware devices. Such arrangements were entered into at the request of certain customers primarily because (i) such customers had a specific preference about the brand and model of hardware devices; (ii) as compared to purchasing directly from manufacturers or distributors of hardware devices, such arrangements would enable them to enjoy a more seamless user experience in connection with the deployment of our software on such hardware devices. For example, some of these customers are health checkup center chain or optometry chain which operates many branches nationwide. As compared to purchasing hardware devices directly from their manufacturers or distributors, arranging for such hardware devices to be delivered to branches, then arranging for the installment of our software on such hardware devices and the testing of their performance at such branches, it could be more cost-efficient for such customers to engage us to arrange to procure hardware devices on their behalf, install our software

on such hardware devices, test its performance at the site of the manufacturers or distributors, and to arrange for the delivery of such hardware devices that are already integrated with our software to such customers' branches nationwide. Under such arrangements, these customers would specify the manufacturer, the brand, the model and the number of the hardware devices required. The manufacturers or distributors would be responsible for the delivery and setting up of such hardware devices and providing after-sales service of such hardware devices, while we are responsible for negotiating procurement prices with relevant manufacturers or distributors, and informing the manufacturers or distributors to directly deliver the hardware devices to our customers in accordance with the specific delivery requirements of our customers. In such case, the revenue we generated from such arrangements would be recorded as agency fees for procurement services.

The following table sets forth our transaction amount and cost of hardware devices procured under procurement services for the periods indicated:

	Year ended December 31,		Six months ended June 30,	
	2019	2020	2020	2021
			(Unaudited)	
		(RMB'000)		
Transaction amount on gross basis	29,736	8,458	1,026	2,556
Less: Costs of hardware devices procured	26,226	7,505	894	2,283
Revenue recorded on a net basis	**3,510**	**953**	**132**	**273**

Cost of Sales

Our cost of sales primarily consists of (i) employee benefits expenses, which primarily include the salaries, welfare, and share-based compensation for our front-end product development employees and employees involved in our operations; (ii) hardware devices costs, representing purchase and lease costs of fundus cameras from third parties that were used with our software. We did not charge separately for providing these leased fundus cameras to our customers. Considering the duration of service, pricing of our service and cost of fundus cameras, we decide on a case-by-case basis whether we purchase or lease fundus cameras from third parties. In certain cases, we believe that leasing the fundus cameras would be more cost-effective for us; (iii) depreciation expenses, which primarily relate to the depreciation of hardware devices; and (iv) cloud service fees, representing the service fees we paid to cloud service suppliers to support our AI-based software solutions.

The following table sets forth a breakdown of our cost of sales for the periods indicated:

	Year ended December 31,				Six months ended June 30,			
	2019		2020		2020		2021	
					(Unaudited)			
	(RMB'000, except for percentages)							
Employee benefits expenses	8,103	56.6%	9,059	48.7%	4,873	60.9%	6,423	36.1%
Hardware devices costs	3,985	27.9%	4,513	24.3%	1,528	19.1%	6,284	35.4%
Depreciation expenses	1,261	8.8%	3,099	16.7%	1,346	16.8%	4,569	25.7%
Cloud service fees	959	6.7%	1,914	10.3%	253	3.2%	498	2.8%
Total	14,308	100.0%	18,585	100.0%	8,000	100.0%	17,774	100.0%

Gross Profit and Gross Profit Margin

The following table sets forth the breakdown of gross profit and gross profit margin for the periods indicated:

	Year ended December 31,				Six months ended June 30,			
	2019		2020		2020		2021	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
					(Unaudited)			
	(RMB'000, except for percentages)							
Provision of AI-based software solutions	10,120	46.3%	26,769	62.5%	(1,762)	(29.6)%	30,140	70.8%
Sales of hardware devices	908	27.2%	879	26.3%	141	33.5%	718	12.0%
Other services	5,079	97.1%	1,439	97.0%	132	100.0%	845	96.5%
Total gross profit/overall gross profit margin	16,107	53.0%	29,087	61.0%	(1,489)	(22.9)%	31,703	64.1%

During the Track Record Period, we recorded higher gross profit margin for provision of AI-based software solutions as compared to the gross profit margin for sales of hardware devices, primarily because the increase of our revenue from provision of AI-based software solutions was greater than the increase of corresponding cost of sales as we achieved economies of scale during our business expansion, while there are device-related costs associated generally in line with the volume of sales of hardware devices. Our overall gross profit margin increased during the Track Record Period in line with the increase in the proportion of provision of AI-based software solutions in our total revenue.

During the Track Record Period, we recorded relatively higher gross profit margin for other services because (i) we only incurred limited staff costs for software development services; and (ii) we recognized revenue from procurement services on a net basis.

Other Income

Other income primarily consists of (i) investment income from wealth management products, representing fair value changes incurred in our investment in wealth management products; (ii) interest income from bank deposits; (iii) interest income from loans to a related party; (iv) investment income from debt instruments; and (v) government grants, which primarily represent one-off government grants we received from local governmental authorities to support our R&D. For more details on our wealth management products, see "— Description of Certain Consolidated Statements of Financial Position Items — Other Financial Assets."

The following table summarizes a breakdown of our other income for the periods indicated:

	Year ended December 31,		Six months ended June 30,	
	2019	2020	2020	2021
			(Unaudited)	
		(RMB'000)		
Investment income from wealth management products	5,318	2,494	1,652	3,110
Interest income from bank deposits	562	1,179	88	1,119
Interest income from loans to a related party	17	624	434	—
Investment income from debt instruments	26	472	472	—
Government grants	230	266	14	98
Net loss on disposal of property and equipment	(8)	—	(2)	(56)
Net foreign exchange loss/profit	—	(23)	—	(208)
Total	6,145	5,012	2,658	4,063

Research and Development Expenses

Our research and development expenses primarily consist of (i) employee benefits expenses, which primarily include the salaries, welfare, and share-based compensation for our employees involved in research and development; (ii) testing expenses, representing expenses incurred for AI studies, research and development activities, technical services, medical equipment and testing services; (iii) leasing expenses for our research and development facilities; (iv) depreciation

expenses in relation to our research and development equipment and facilities; and (v) others, which primarily include patent registration expenses, travel expenses, utilities expenses and other general office expenses for research and development activities.

The following table summarizes a breakdown of our research and development expenses for the periods indicated:

	Year ended December 31,				Six months ended June 30,			
	2019		2020		2020		2021	
					(Unaudited)			
	(RMB'000, except for percentages)							
Employee benefits expenses	24,292	58.9%	30,669	72.5%	13,388	77.7%	17,324	72.2%
Testing expenses	12,543	30.4%	7,056	16.7%	2,190	12.7%	3,550	14.8%
Leasing expenses	1,411	3.4%	1,339	3.2%	410	2.4%	443	1.8%
Depreciation expenses	1,044	2.5%	1,199	2.8%	769	4.5%	1,185	4.9%
Others	1,922	4.7%	2,046	4.8%	471	2.7%	1,503	6.3%
Total	41,212	100.0%	42,309	100.0%	17,228	100.0%	24,005	100.0%

Selling Expenses

Our selling expenses primarily consist of (i) employee benefits expenses, which primarily include the salaries, welfare, and share-based compensation for our in-house sales and marketing team; (ii) marketing expenses, which primarily include expenses incurred in marketing activities; (iii) travel expenses; and (iv) others, which primarily include depreciation expenses and other miscellaneous expenses.

The following table summarizes a breakdown of our selling expenses for the periods indicated:

	Year ended December 31,				Six months ended June 30,			
	2019		2020		2020		2021	
					(Unaudited)			
	(RMB'000, except for percentages)							
Employee benefits expenses	7,262	55.3%	17,222	66.7%	6,413	72.7%	11,252	47.7%
Marketing expenses	1,627	12.4%	4,018	15.6%	831	9.4%	9,375	39.7%
Travel expenses	2,850	21.7%	2,661	10.3%	861	9.7%	1,494	6.3%
Others	1,393	10.6%	1,900	7.4%	727	8.2%	1,481	6.3%
Total	13,132	100.0%	25,801	100.0%	8,832	100.0%	23,602	100.0%

Administrative Expenses

Our administrative expenses consist of (i) employee benefits expenses, which primarily include the salaries, welfare, and share-based compensation for our administrative personnel; (ii) professional service expenses, which primarily include consulting fees and auditing fees; (iii) utilities and office expense, which primarily include office rental fees, utilities and other general office expenses; (iv) listing expenses; and (v) others, which primarily include travel expenses and other miscellaneous expenses.

The following table summarizes a breakdown of our administrative expenses for the periods indicated:

	Year ended December 31,				Six months ended June 30,			
	2019		2020		2020		2021	
					(Unaudited)			
	(RMB'000, except for percentages)							
Employee benefits expenses	6,024	42.9%	9,870	55.1%	3,572	47.9%	6,894	27.3%
Professional service expenses	2,829	20.1%	4,965	27.7%	2,678	35.9%	12,183	48.3%
Utilities and office expenses	2,235	15.9%	1,753	9.8%	696	9.3%	1,494	5.9%
Listing expenses	—	—	—	—	—	—	2,820	11.2%
Others	2,961	21.1%	1,314	7.4%	514	6.9%	1,820	7.2%
Total	14,049	100.0%	17,902	100.0%	7,460	100.0%	25,211	100.0%

Finance Costs

During the Track Record Period, our finance costs mainly consisted of interest on leasing liabilities relating to our lease of office premises. We recorded finance costs of RMB46.0 thousand, RMB22.0 thousand, RMB9.0 thousand and RMB0.1 million for the years ended December 31, 2019 and 2020 and six months ended June 30, 2020 and 2021, respectively.

Changes in the Carrying Amount of Financial Instruments Issued to Investors

During the Track Record Period, we had a series of equity financings. For details, see "History and Corporate Structure — Corporate History — Establishment and Major Shareholding Changes of Our Company." We recognized Series B, Series B+ and Series C investments as financial liabilities, and recognized the changes in the carrying amount of the financial liabilities. We recorded changes in the carrying amount of financial instruments issued to investors of RMB(40.9) million, RMB(27.3) million, RMB(16.3) million and nil for the years ended December 31, 2019 and 2020 and the six months ended June 30, 2020 and 2021, respectively.

Income Tax

We recorded income tax expenses of RMB7.0 thousand, RMB0.4 million, RMB0.1 million and RMB0.3 million for the years ended December 31, 2019 and 2020 and the six months ended June 30, 2020 and 2021, respectively. During the Track Record Period and up to the Latest Practicable Date, we paid all relevant taxes in accordance with tax regulations and did not have any disputes or unresolved tax issues with the relevant tax authorities in all material respects.

Our principal applicable taxes and tax rates are set forth as follow:

The PRC

Pursuant to the EIT Law, our Company and all of our PRC entities are liable to PRC statutory income tax at a rate of 25% saved for disclosed below.

According to the EIT Law and its relevant regulations, entities that qualified as high-technology enterprise are entitled to a preferential income tax rate of 15%. Our Company was recognized as high-technology enterprise and is subject to income tax at 15% during the Track Record Period. Airdoc Shanghai obtained its certificate of high-technology enterprise on December 6, 2019 and was subject to income tax at 15% for a three-year period.

Effective from January 1, 2018 to December 31, 2023, an additional 75% of qualified research and development expenses incurred is allowed to be deducted from taxable income under the EIT Law and its relevant regulations.

According to the PRC Income Tax Law and its relevant regulations issued in 2019, entities that qualified as small and low profit enterprise are entitled to a preferential income tax rate of 5% (for taxable income less than RMB1 million) or 10% (for taxable income range from RMB1 million to RMB3 million). Airdoc Shanghai, Airdoc Beijing and Shanghai Zhongyou were qualified as small and low profit enterprises and entitled to a preferential income tax rate for the years ended December 31, 2019 and 2020 and the six months ended June 30, 2020 and 2021.

Hong Kong

Our subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at a rate of 8.25% for the first HK$2,000,000 of assessable profits and at 16.5% for the remaining assessable profits. No provision for Hong Kong profit tax had been made for the Track Record Period as there were no assessable profits during the Track Record Period.

RESULTS OF OPERATIONS

Six Months Ended June 30, 2021 Compared with Six Months Ended June 30, 2020

Revenue

Our revenue increased significantly from RMB6.5 million for the six months ended June 30, 2020 to RMB49.5 million for the six months ended June 30, 2021. This increase was driven by the increase in revenue from our AI-based software solutions.

Provision of AI-based Software Solutions

Our revenue from AI-based software solutions increased significantly from RMB6.0 million for the six months ended June 30, 2020 to RMB42.6 million for the six months ended June 30, 2021, which was primarily because (i) the COVID-19 pandemic affected our business operations for the six months ended June 30, 2020 primarily as a result of the fact that certain hospitals, community clinics, health checkup centers, insurance companies, optometry centers and pharmacies suspended their operations during the COVID-19 pandemic and therefore did not provide our AI-based software solutions to individuals. Such impact was reduced for the six months ended June 30, 2021 as COVID-19 pandemic was gradually alleviated; (ii) the number of our customers including both medical institutions and consumer healthcare providers increased from 46 in 2019 to 85 in 2020; and (iii) we had just started commercialization of our Airdoc-AIFUNDUS (1.0) and recorded a revenue of approximately RMB3.5 million for the sales of our Airdoc-AIFUNDUS (1.0) for the six months ended June 30, 2021.

Sales of Hardware Devices

Our revenue from sales of hardware devices increased significantly from RMB0.4 million for the six months ended June 30, 2020 to RMB6.0 million for the six months ended June 30, 2021, which was in line with the increased needs of customers for our AI-based software solutions.

Other Services

Our revenue from other services increased significantly from RMB0.1 million for the six months ended June 30, 2020 to RMB0.9 million for the six months ended June 30, 2021, primarily as a result of (i) the fact that we did not provide software development service in the six months ended June 30, 2020; and (ii) an increase in procurement of hardware devices on behalf of our customers.

Cost of Sales

Our cost of sales increased by 122.2% from RMB8.0 million for the six months ended June 30, 2020 to RMB17.8 million for the six months ended June 30, 2021, primarily due to (i) an increase of RMB4.3 million in hardware devices costs as we purchased or leased more fundus cameras that are compatible with our software to support our AI-based software solutions by the end of 2020; (ii) an increase of RMB3.2 million in depreciation expenses because we purchased or manufacturing more fundus cameras, as well as we started pilot production of our self-developed fundus camera, AI-FUNDUSCAMERA-P, in March 2020.

Gross Profit and Gross Profit Margin

We recorded gross loss of RMB1.5 million and gross loss rate of 22.9% for the six months ended June 30, 2020, compared to gross profit of RMB31.7 million and gross profit margin of 64.1% for the six months ended June 30, 2021, primarily because we recorded gross loss of our provision of AI-based software solutions for the six months ended June 30, 2020 as a result of COVID-19 pandemic.

Gross loss rate for our provision of AI-based software solutions was 29.6% for the six months ended June 30, 2020, as compared to gross profit margin of AI-based software solutions of 70.8% for the six months ended June 30, 2021, which was primarily because (i) the COVID-19 pandemic affected our business operations for the six months ended June 30, 2020 and such impact was reduced for the six months ended June 30, 2021 as COVID-19 pandemic was gradually alleviated; and (ii) we recorded similar level of employee benefits expenses in the six months ended June 30, 2020 as compared to the six months ended June 30, 2021 as a result of our continued operations. We recorded gross profit margin of our sales of hardware devices of 33.5% for the six months ended June 30, 2020, primarily because we have entered into sales contracts with distributors which had set a higher selling price. We recorded relatively low gross profit margin of our sales of hardware devices of 12.0% for the six months ended June 30, 2021, because we provided hardware devices with lower selling prices to facilitate expanding the coverage of our software products. Gross profit margin of our other services decreased from 100.0% for the six months ended June 30, 2020 to 96.5% for the six months ended June 30, 2021, primarily because we only provided procurement services for hardware devices, of which the revenue were recognized on a net basis, for the six months ended June 30, 2020.

Other Income

Our other income increased by 52.9% from RMB2.7 million for the six months ended June 30, 2020 to RMB4.1 million for the six months ended June 30, 2021. This increase was primarily attributable to (i) an increase of RMB1.5 million in investment income from wealth management products because we invested in more wealth management products in the six months ended June 30, 2021; and (ii) an increase of RMB1.0 million in interest income from bank deposits.

Research and Development Expenses

Our research and development expenses increased by 39.3% from RMB17.2 million for the six months ended June 30, 2020 to RMB24.0 million for the six months ended June 30, 2021. This increase was primarily attributable to an increase of RMB3.9 million in employee benefits expenses in line with an increase in the number of our research and development personnel, as well as an increase in their salaries.

Selling Expenses

Our selling expenses increased significantly from RMB8.8 million for the six months ended June 30, 2020 to RMB23.6 million for the six months ended June 30, 2021. This increase was primarily attributable to (i) an increase of RMB8.5 million in marketing expenses to support our increased sales and marketing activities in the six months ended June 30, 2021; and (ii) an increase of RMB4.8 million in employee benefit expenses in line with an increase in the number of our sales and marketing personnel.

Administrative Expenses

Our administrative expenses increased significantly from RMB7.5 million for the six months ended June 30, 2020 to RMB25.2 million for the six months ended June 30, 2021. This increase was primarily attributable to (i) an increase of RMB9.5 million in professional service expenses mainly including legal and financial adviser fees; and (ii) an increase of RMB3.3 million in employee benefit expenses reflecting an increase in salaries and welfare to our administrative personnel.

Finance Costs

Our finance costs increased significantly from RMB9.0 thousand for the six months ended June 30, 2020 to RMB0.1 million for the six months ended June 30, 2021. This increase was primarily attributable to an increase in right-of-use assets as we leased more office space to support our business growth.

Changes in the Carrying Amount of Financial Instruments Issued to Investors

The changes in the carrying amount of financial instruments issued to investors were RMB(16.3) million for the six months ended June 30, 2020 and nil in for the six months ended June 30, 2021. See "— Description of Certain Consolidated Statements of Financial Position Items — Financial Instruments Issued to Investors."

Income Tax

Our income tax expense increased from RMB0.1 million for the six months ended June 30, 2020 to RMB0.3 million for the six months ended June 30, 2021, primarily in relation with the profit generated by Airdoc Shanghai and Airdoc Beijing.

Loss for the Period

As a result of the above, we recorded a loss of RMB48.8 million for the six months ended June 30, 2021, as compared to a loss of RMB37.5 million for the six months ended June 30, 2020.

Year Ended December 31, 2020 Compared with Year Ended December 31, 2019

Revenue

Our revenue increased by 56.7% from RMB30.4 million in 2019 to RMB47.7 million in 2020. This increase was driven by the increase in revenue from our AI-based software solutions.

Provision of AI-based Software Solutions

Our revenue from AI-based software solutions increased by 96.1% from RMB21.9 million in 2019 to RMB42.8 million in 2020, primarily as a result of (i) an increase in the number of customers in both medical institutions and consumer healthcare environments. From 2019 to 2020, the number of our customers increased from 46 to 85, including large-scale insurance companies, such as China Pacific Insurance; and (ii) an increase in the sales amounts to existing customers. In particular, there was a growing demand for our health risk assessment solutions from health checkup centers and optometry centers.

Sales of Hardware Devices

Our revenue from sales of hardware devices remained stable at RMB3.3 million in 2019 and 2020, respectively.

Other Services

Our revenue from other services decreased by 71.6% from RMB5.2 million in 2019 to RMB1.5 million in 2020, as a result of (i) a decrease in our software development service as we decided to focus on provision of our AI-based software solutions; and (ii) a decrease in procurement of hardware devices on behalf of our customers. We provided these procurement services based on our customers' specific instructions during the Track Record Period, and do not plan to actively expand the scale of such services in the future.

Cost of Sales

Our cost of sales increased by 29.9% from RMB14.3 million in 2019 to RMB18.6 million in 2020, primarily due to (i) an increase of RMB1.8 million in depreciation expenses because we started pilot production of our self-developed fundus camera, AI-FUNDUSCAMERA-P, in March 2020; (ii) an increase of RMB1.0 million in employee benefits expenses primarily due to an increase in share-based compensation as a result of the share options we granted for our employees and an increase in salaries and related benefit costs as we increased headcount to support our business expansion; (iii) an increase of RMB1.0 million in cloud service fees as we procured more cloud service to support our AI-based software solutions; and (iv) an increase of RMB0.5 million in hardware devices costs as we purchased or leased more fundus cameras that are compatible with our software to support our AI-based software solutions.

Gross Profit and Gross Profit Margin

Our gross profit increased by 80.6% from RMB16.1 million in 2019 to RMB29.1 million in 2020, primarily due to the expansion of our provision of AI-based software solutions. Our gross profit margin increased from 53.0% in 2019 to 61.0% in 2020, primarily attributable to the increase in gross profit margin of our provision of AI-based software solutions.

Gross profit margin of our provision of AI-based software solutions increased from 46.3% in 2019 to 62.5% in 2020, primarily because we achieved greater economies of scale as we expanded the scale of our business. Gross profit margin of our sales of hardware devices remained relatively stable at 27.2% in 2019 and 26.3% in 2020. Gross profit margin of our other services remained stable at 97.1% in 2019 and 97.0% in 2020.

Other Income

Our other income decreased by 18.4% from RMB6.1 million in 2019 to RMB5.0 million in 2020. This decrease was primarily attributable to a decrease of RMB2.8 million in investment income from wealth management products because we invested in fewer wealth management products in 2020.

Research and Development Expenses

Our research and development expenses increased by 2.7% from RMB41.2 million in 2019 to RMB42.3 million in 2020. This increase was primarily attributable to an increase of RMB6.4 million in employee benefits expenses in line with an increase in the number of our research and development personnel, as well as an increase in their salaries and shared-based compensation, and was partially offset by a decrease of RMB5.5 million in testing expenses because we had substantially completed the clinical trial of Airdoc-AIFUNDUS (1.0) in 2019 and submitted the application to the NMPA for the Class III medical device registration certificate for Airdoc-AIFUNDUS (1.0) in October 2019. We did not commence clinical trials for other product candidates during the Track Record Period. As of the Latest Practicable Date, we were preparing for the clinical trials for certain product candidates. For details, see "Business — Our Portfolio."

Selling Expenses

Our selling expenses increased by 96.5% from RMB13.1 million in 2019 to RMB25.8 million in 2020. This increase was primarily attributable to (i) an increase of RMB10.0 million in employee benefit expenses in line with an increase in the number of our sales and marketing personnel, as well as an increase in their salaries and shared-based compensation; and (ii) an increase of RMB2.4 million in market development expenses to support our sales and marketing activities.

Administrative Expenses

Our administrative expenses increased by 27.4% from RMB14.0 million in 2019 to RMB17.9 million in 2020. This increase was primarily attributable to (i) an increase of RMB3.8 million in employee benefit expenses consisting of an increase of RMB2.0 million of salaries and welfare to our administrative personnel and an increase of RMB1.7 million in shared-based compensation expenses because we granted more share options to our employees; and (ii) an increase of RMB2.1 million in professional service expenses mainly including legal and financial adviser fees.

Finance Costs

Our finance costs decreased from RMB46.0 thousand in 2019 to RMB22.0 thousand in 2020. This decrease in finance costs was primarily attributable to a decrease in interest on lease liabilities.

Changes in the Carrying Amount of Financial Instruments Issued to Investors

The changes in the carrying amount of financial instruments issued to investors were RMB(40.9) million in 2019 and RMB(27.3) million in 2020.

Income Tax

Our income tax expense increased from RMB7.0 thousand in 2019 to RMB0.4 million in 2020, primarily in relation with the profit generated by Airdoc Shanghai and Airdoc Beijing.

Loss for the Year

As a result of the above, we recorded a loss of RMB79.6 million in 2020, as compared to a loss of RMB87.1 million in 2019.

DESCRIPTION OF CERTAIN CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ITEMS

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated:

	As of December 31,		As of June 30,
	2019	2020	2021
		(RMB'000)	
Non-current assets			
Property, plant and equipment	6,230	23,247	35,300
Other financial assets	—	3,607	3,607
Total non-current assets	6,230	26,854	38,907
Current assets			
Inventories	—	3,559	3,451
Trade receivables	16,512	19,545	25,857
Deposits, prepayments and other receivables	40,880	11,097	33,167
Cash and cash equivalents	85,336	374,698	575,285
Other financial assets	90,411	—	—
Total current assets	233,139	408,899	637,760

	As of December 31,		As of June 30,
	2019	2020	2021
		(RMB'000)	
Current liabilities			
Trade and other payables	21,771	16,665	28,914
Contract liabilities	6,136	7,332	8,112
Lease liabilities	519	519	3,325
Current taxation	7	382	716
Financial instruments issued to investors	368,038	—	—
Total current liabilities	396,471	24,898	41,067
Net current (liabilities)/assets	(163,332)	384,001	596,693
Total assets less current liabilities	(157,102)	410,855	635,600
Non-current liabilities			
Lease liabilities	—	—	1,722
Deferred income	2,242	2,405	2,405
Total non-current liabilities	2,242	2,405	4,127
Net (liabilities)/assets	(159,344)	408,450	631,473

Property, Plant and Equipment

Our property, plant and equipment represent hardware devices, representing fundus camera which has been deployed or will be deployed at our customers' site to be used together with our software, furniture and others, right-of-use assets, representing the leasing of our Shanghai office, and leasehold improvement. The following table sets forth the details of our property, plant and equipment as of the dates indicated.

	As of December 31,		As of June 30,
	2019	2020	2021
		(RMB'000)	
Hardware devices	5,579	21,509	27,651
Furniture and others	51	1,224	988
Right-of-use assets	506	514	5,497
Leasehold improvement	94	—	1,164
Total	6,230	23,247	35,300

Our property, plant and equipment increased significantly from RMB6.2 million as of December 31, 2019 to RMB23.2 million as of December 31, 2020 primarily due to an increase of RMB15.9 million in hardware devices as we started pilot production of our self-developed fundus camera, AI-FUNDUSCAMERA-P, in March 2020 to conduct quality and durability tests. Our

property, plant and equipment increased from RMB23.2 million as of December 31, 2020 to RMB35.3 million as of June 30, 2021 primarily due to (i) an increase of RMB6.1 million in hardware devices as we purchased and manufactured more fundus camera to support our business; and (ii) an increase of RMB5.0 million in right-of-use assets as we leased more office space to support our business growth.

Other Financial Assets

As of December 31, 2019 and 2020 and June 30, 2021, we had other financial assets of RMB90.4 million, RMB3.6 million and RMB3.6 million, respectively. Our other financial assets as of December 31, 2019 represent debt instruments we purchased from reputable financial institutions in the PRC measured at amortized cost and wealth management products we purchased from reputable banks in the PRC which are accounted as fair value through profit or loss. Our other financial assets as of December 31, 2020 and June 30, 2021 represent unlisted equity securities we invested in an unlisted company which engages in designing insurance products. Our other financial assets decreased from RMB90.4 million as of December 31, 2019 to RMB3.6 million as of December 31, 2020, primarily because of our disposal of debt instruments and wealth management products in 2020. Our other financial assets remained stable at RMB3.6 million as of December 31, 2020 and June 30, 2021.

The wealth management products we purchased during the Track Record Period were low-risk with the principle amount ranging from RMB5.0 million to RMB85.0 million, and an expected interest rates ranging from 1.77% to 4.01% per annum. These wealth management products have a maturity date ranging from 7 days to 184 days. The debt instruments we purchased during the Track Record Period were low-risk with the principle amount ranging from RMB30.7 million to RMB50.7 million, and a fixed interest rates ranging from 2.25% to 3.15% per annum. These debt instruments have a maturity date ranging from 7 days to 90 days. As part of our treasury management, we may from time to time continue to purchase low-risk wealth management products as an auxiliary means to improve utilization of our cash on hand on a short-term basis. We have implemented stringent internal control policies and rules setting forth overall principles as well as detailed approval process of our investment activities. Our budget for purchasing wealth management products are prepared based on our capital circumstance and approved by the director of our financial center and the general manager. Our financial personnel reports our wealth management products purchase plan, including the duration, expected returns and risks of the wealth management products, to the director of our financial center and the general manager, who are responsible for overseeing our investment decisions and evaluating the reasons for the investment. We conduct quarterly evaluation on the interest income of our wealth management products. We generally only purchase low-risk products from reputable and large-scale financial institutions in China.

Our investments in wealth management products as of December 31, 2019 were categorized as level 3 financial assets. The fair value of wealth management products was estimated using a discounted cash flow valuation model based on expected future cash flows calculated based on expected future interest return on maturity of the wealth management products. In relation to the valuation of wealth management products classified as level 3 financial assets measured at fair value through profit or loss, our Directors has considered, among others, the following factors: (1) the terms of the wealth management products subscription agreements, (2) the available market information of similar wealth management products, and (3) the risk-adjusted discount rates of the wealth management products. The Directors believe that the estimated fair values resulting from the valuation technique are reasonable, and that they are the most appropriate values at the end of each year of the Track Record Period.

The details on the fair value measurement of the financial assets measured at fair value through profit or loss, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs and the relationship of the unobservable inputs to the fair values, are disclosed in note 25 to the Accountants' Report in Appendix I to this prospectus. The Reporting Accountant have carried out their work in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants for the purpose of expressing an opinion on the Group's Historical Financial Information for the Track Record Period as a whole. The Reporting Accountants' opinion on the Historical Financial Information of the Group for the Track Record Period as a whole is set out in Appendix I to this prospectus.

In relation to the wealth management products categorized as level 3 financial assets measured at fair value through profit or loss, the Joint Sponsors have reviewed the relevant notes in the Accountants' Report set out in Appendix I to the Prospectus and discussed with our Company about the valuation method and technique adopted in respect of the fair value assessment. The Joint Sponsors concur with the valuation techniques adopted by the Directors in valuing the wealth management products with reference to the "Guidance note on directors' duties in the context of valuations in corporate transactions" issued by the SFC.

Inventories

Our inventories primarily consist of raw materials for manufacturing our self-developed fundus camera. We assign specific personnel to regularly monitor our inventories and endeavor to keep an optimal inventory level in line with the expected usages in the near term. We did not have raw materials as of December 31, 2019. We started to purchase raw materials for and started pilot production of our self-developed fundus camera in March 2020. Our inventories remained relatively stable at RMB3.6 million as of December 31, 2020 and RMB3.5 million as of June 30,

2021. Our inventory turnover days remained relatively stable at 35 days and 36 days (calculated by dividing the arithmetic mean of the opening and ending balance of inventories for the relevant period by cost of sales for the relevant period multiplied by 365 for the full-year period and 181 days for the six months period) in 2020 and the six months ended June 30, 2021.

As of August 31, 2021, RMB2.1 million, or 61.0% of our total inventories as of June 30, 2021, had been subsequently consumed.

Trade Receivables

Our trade receivables primarily represent the outstanding amount receivable from our customers in consideration for our services that have been already billed to our customers. The following table sets forth the details of our trade receivables as of the dates indicated and trade receivables turnover days for the periods indicated:

	As of/for the year ended December 31,		As of/for the six months ended June 30,
	2019	2020	2021
		(RMB'000)	
Trade receivables			
Receivables from third parties	14,035	12,806	25,942
Receivables from related parties	2,504	7,045	1,041
Less: loss allowance	(27)	(306)	(1,126)
Trade receivables, net	16,512	19,545	25,857
Trade receivable turnover days[(1)]	107	139	86

(1) Trade receivable turnover days for a period equals the arithmetic mean of the beginning and ending trade receivable balances divided by the revenue for that period and multiplied by 365 days for the full-year period and 181 days for the six months period.

Our trade receivables increased from RMB16.5 million as of December 31, 2019 to RMB19.5 million as of December 31, 2020, and further increased to RMB25.9 million as of June 30, 2021, which was generally in line with the growth of our business.

During the Track Record Period, we granted credit terms to our customers on a case-by-case basis based on our assessment. Our average trade receivables turnover days increased from 107 days in 2019 to 139 days in 2020, primarily due to longer payment settlement period from certain customers as a result of the impact of COVID-19 as well as the above-mentioned increase in trade receivables, the payment for which was not yet due as at the year end. Our average trade receivables turnover days decreased from 139 days in 2020 to 86 days for the six months ended June 30, 2021, primarily due to our enhanced payment collection efforts. We seek to keep strict control over our outstanding receivables and overdue balances are reviewed regularly by our senior management. During the Track Record Period and as of the Latest Practicable Date, we did not experience any material disputes or disagreements with our major customers relating to the relevant trade receivables.

The following table sets forth an aging analysis of our trade receivables as of the dates indicated:

	As of December 31,		As of June 30,
	2019	2020	2021
		(RMB'000)	
Within 6 months	15,441	19,482	25,790
6 to 12 months	1,071	63	67
Total	16,512	19,545	25,857

As of August 31, 2021, RMB19.1 million, or 70.7% of our trade receivables as of June 30, 2021, had been subsequently settled.

Deposits, Prepayments and Other Receivables

Our deposits, prepayments and other receivables primarily include (i) deposits, primarily representing our office lease deposit and lease deposit for fundus camera; (ii) prepayments to suppliers, primarily representing our purchase of hardware devices and cloud service, and prepayments in relation to office lease; (iii) prepayments as an agent, primarily representing the outstanding amount receivable from our customers for their purchase of fundus cameras, for which we provided procurement services. For details, see "— Description of Certain Key Items of the Consolidated Statements of Profit or Loss and Other Comprehensive Income — Revenue"; (iv) loans to a company controlled by a Director, representing one-off loans we made to Airdoc Universe in December 2019 with interest rate being determined by referring to the lending interest rate for similar term set by the PBOC, which were fully settled in September 2020; (v) loans to a Director, representing the non-interest bearing loans we made to Mr. Gao in December 2019,

which were fully settled in March 2020; (vi) prepaid listing expense; and (vii) others, which primarily include employee reserve fund and VAT input tax to be deducted. The following table sets forth the details of our deposits, prepayments and other receivables as of the dates indicated:

	As of December 31,		As of June 30,
	2019	2020	2021
		(RMB'000)	
Deposits	3,620	5,139	2,510
Prepayments to suppliers	12,295	4,548	11,943
Prepayments as an agent	2,704	1,170	1,046
Loans to a company controlled by a Director	20,023	—	—
Loans to a Director	1,550	—	—
Prepaid listing expenses	—	—	16,541
Others	1,269	565	1,335
Less: loss allowance	(581)	(325)	(208)
Total	40,880	11,097	33,167

Our deposits increased from RMB3.6 million as of December 31, 2019 to RMB5.1 million as of December 31, 2020, primarily because we leased more offices space to support our business expansion. Our deposits decreased from RMB5.1 million as of December 31, 2020 to RMB2.5 million as of June 30, 2021, primarily because we leased less fundus camera after the launch of our self-developed fundus camera AI-FUNDUSCAMERA-P, which received a Class II medical device certificate from the Shanghai branch of the NMPA in March 2021. Our prepayments to suppliers decreased from RMB12.3 million as of December 31, 2019 to RMB4.5 million as of December 31, 2020, primarily because we sought to manage our payment schedule within the credit period. Our prepayments to suppliers increased from RMB4.5 million as of December 31, 2020 to RMB11.9 million as of June 30, 2021, primarily because we purchased more fundus cameras and cloud service to support our business. Our prepayments as an agent decreased from RMB2.7 million as of December 31, 2019 to RMB1.2 million as of December 31, 2020, primarily due to a decrease in our procurement services in 2020. See "— Results of Operations — Year Ended December 31, 2020 Compared with Year Ended December 31, 2019 — Revenue — Sales of Hardware Devices" for details.

Cash and Cash Equivalents

Our cash and cash equivalents increased from RMB85.3 million as of December 31, 2019 to RMB374.7 million as of December 31, 2020, and further increased to RMB575.3 million as of June 30, 2021, primarily attributable to proceeds we received from a series of equity financings during the Track Record Period. For details, see "History and Corporate Structure — Corporate History — Establishment and Major Shareholding Changes of Our Company."

Trade and Other Payables

Our trade and other payables represent (i) trade payables, primarily arising from our purchase of raw materials, service fees we paid for outsourcing of our manufacturing, and fundus cameras we leased for use with our software; (ii) accrued payroll, primarily representing salary and other welfare payables to our employees; (iii) receipt in advance as an agent, primarily representing the outstanding amount payables to third-party manufacturers, for which we sold fundus cameras to our customers as agent; (iv) accrued listing expenses; and (v) others, which primarily include tax payables, payables for services fees, travel expenses for our employees and other miscellaneous fees. The following table sets forth the details of our trade and other payables as of the dates indicated:

	As of/for the year ended December 31,		As of/for the six months ended June 30,
	2019	2020	2021
		(RMB'000)	
Trade payables	127	2,877	3,915
Accrued payroll	6,411	7,050	7,515
Other payables and accrued charges:			
— Receipt in advance as an agent	7,560	1,954	317
— Accrued listing expenses	—	—	10,219
— Others	7,673	4,784	6,948
Total	21,771	16,665	28,914
Trade payables turnover days[(1)]	13	23	11

(1) Trade payables turnover days for a period equals the arithmetic mean of the beginning and ending trade payables balances divided by the sum of hardware devices costs and cloud service fees in cost of sales and the costs of raw materials and OEM service fees with respect to the manufacturing of our self-developed fundus camera during the period and multiplied by 365 days for the full-year period and 181 days for the six months period.

Our trade and other payables decreased from RMB21.8 million as of December 31, 2019 to RMB16.7 million as of December 31, 2020, primarily attributable to a decrease of RMB5.6 million in receipt in advance as an agent primarily because we settled the purchase of fundus camera with our suppliers by the end of 2020, partially offset by an increase of RMB2.8 million in trade payables as a result of the expansion of our manufacturing. Our trade and other payables increased from RMB16.7 million as of December 31, 2020 to RMB28.9 million as of June 30, 2021, primarily because we accrued listing expenses of RMB10.2 million.

Our Directors confirm that we had no material defaults in payment of trade payables during the Track Record Period and up to the Latest Practicable Date.

During the Track Record Period, we were typically granted credit terms of one month by our suppliers. Our average trade payables turnover days increased from 13 days in 2019 to 23 days in 2020, primarily due to the increase in trade payables, the payment for which were not yet due as at the year end, since we sought to manage our payment schedule within the credit period. Our average trade payables turnover days decreased from 23 days in 2020 to 11 days in the six months ended June 30, 2021, because we advanced our payments to suppliers to prepare for the large orders at year end. All of our trade payables aged within the credit period based on the invoice dates as of December 31, 2019 and 2020 and June 30, 2021.

As of August 31, 2021, RMB2.7 million, or 69.9% of our trade payables as of June 30, 2021, had been subsequently settled.

Contract Liabilities

Our contract liabilities represent our obligations to transfer services to our customers as we entered into services agreements with our customers for AI-based software solutions and sales of hardware devices for which we have received advanced payments from such customers under the relevant customer service agreements or work orders. For details, see "— Significant Accounting Policies and Estimates — Revenue Recognition." Our contract liabilities increased from RMB6.1 million as of December 31, 2019 to RMB7.3 million as of December 31, 2020, and further increased to RMB8.1 million as of June 30, 2021, which was primarily due to the short-term advances received from customers for new contracts obtained as a result of our business growth.

Lease Liabilities

Since IFRS 16 was adopted by our Group throughout the Track Record Period, we recognized right-of-use assets and the corresponding lease liabilities in respect of all leases, except for short-term leases and low value assets. As of December 31, 2019 and December 31, 2020 and June 30, 2021, we recorded lease liabilities of RMB0.5 million, RMB0.5 million and RMB5.0 million, respectively. Our lease liabilities increased significantly from RMB0.5 million as of December 31, 2020 to RMB5.0 million as of June 30, 2021, which was primarily because we leased more office space to support our business growth.

Financial Instruments Issued to Investors

During the Track Record Period, we had a series of equity financings. For details, see "History and Corporate Structure — Corporate History — Establishment and Major Shareholding Changes of Our Company." We recognized Series B, Series B+ and Series C investments as financial liabilities. Our financial instruments issued to investors represent the carrying amount of the shares issued pursuant to these investments and are classified as financial liabilities if they are redeemable on a specific date or at the option of the investors, except for the forward contract component. See note 22 to the historical financial information for the Track Record Period as set out in the Accountants' Report in Appendix I to this prospectus.

The following table sets forth the movements of the financial liabilities element of the financial instruments issued to investors except forward contract as of the dates indicated.

	As of December 31,		As of June 30,
	2019	2020	2021
		(RMB'000)	
At beginning of year/period	278,772	368,038	—
Issue	60,000	180,000	—
Changes in the carrying amount	29,266	27,316	—
Reclassification to equity[(1)]	—	(575,354)	—
At end of year/period	**368,038**	**—**	**—**

(1) In 2020, we entered into a supplementary investment agreement with investors of the Series B, Series B+ and Series C investments, pursuant to which the investors agreed to waive liquidation preferences and redemption right. Our Directors considered that these financial instruments meet the definition of our equity, and therefore these financial instruments were all reclassified from financial liabilities to equity.

The following table sets forth the movements of the forward contract element as of the dates indicated.

	As of December 31,		As of June 30,
	2019	2020	2021
		(RMB'000)	
At beginning of year/period	—	—	—
Changes in the carrying amount	11,679	—	—
Reclassification to equity as consideration for issuing paid-in capital[(1)]	(11,679)	—	—
At end of year/period	**—**	**—**	**—**

(1) In 2019, the forward contract was executed, pursuant to which the investor made a total investment of RMB40 million to us as consideration for subscription of our paid-in capital of RMB615,741.

Our financial instruments issued to investors decreased from RMB368.0 million as of December 31, 2019 to nil as of December 31, 2020 and remained at nil as of June 30, 2021. We entered into investment agreements with Series B Investors, Series B+ Investors, respectively, on February 22, 2018, November 30, 2018 and October 23, 2020, respectively, under which we granted these investors certain special rights, including but not limited to the information right, pre-emptive right, director nomination right, veto right for certain corporate actions and anti-dilution right. For details, see "History and Corporate Structure — Corporate History — Special Rights of the Pre-IPO Investors." Certain special rights were waived by the investors of Series B, Series B+ and Series C investments in supplementary investment agreements in 2020, which enabled these financial instruments being reclassified from financial liabilities to equity, after which we no longer recognized these financial instruments as financial liabilities or any changes in the carrying amount of such financial liabilities in our statement of profit or loss. All the special rights have been or will be terminated immediately upon the Listing.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our primary use of cash has been to fund the research and development of our products and AI studies, the sales and marketing activities for our products and services, our payments for the purchase of property, 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 contributions by our Shareholders and cash generated from our operations. Our management closely monitors use of cash and strives to maintain a healthy liquidity for our operations. As our business develops and expands, we expect to generate more cash from our operating activities through increasing sales revenue of our existing commercialized products and by launching new

products and devoting continuous sales efforts to market our products and services. Going forward, we believe our liquidity requirements will be satisfied by using funds from a combination of cash from operations and net proceeds from the Global Offering. As of June 30, 2021, we had cash and cash equivalents of RMB575.3 million represented by bank balances. As of August 31, 2021, we did not have any unutilized bank facilities.

Current Assets and Liabilities

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

	As of December 31,		As of June 30,	As of August 31,
	2019	2020	2021	2021
	(RMB'000)			
				(Unaudited)
Current assets				
Inventories	—	3,559	3,451	3,872
Trade receivables	16,512	19,545	25,857	37,066
Deposits, prepayments and other receivables	40,880	11,097	33,167	33,848
Cash and cash equivalents	85,336	374,698	575,285	221,307
Other financial assets	90,411	—	—	333,800
Total current assets	233,139	408,899	637,760	629,893
Current liabilities				
Trade and other payables	21,771	16,665	28,914	32,551
Contract liabilities	6,136	7,332	8,112	30,294
Lease liabilities	519	519	3,325	3,315
Current taxation	7	382	716	1
Financial instruments issued to investors	368,038	—	—	—
Total current liabilities	396,471	24,898	41,067	66,161
Net current (liabilities)/assets	(163,332)	384,001	596,693	563,732

We recorded net current liabilities of RMB163.3 million and net liabilities of RMB159.3 million as of December 31, 2019, mainly attributable to our financial instruments issued to investors of RMB368.0 million as of December 31, 2019. Our financial instruments issued to investors represent the carrying amount of the shares issued pursuant to a series of equity financings we had during the Track Record Period. Certain priority rights were waived by the investors of Series B, Series B+ and Series C investments in supplementary investment agreements in 2020, which enabled these financial instruments being reclassified from financial liabilities to equity, after which we no longer recognized these financial instruments as financial liabilities or any changes in the carrying amount of such financial liabilities in our statement of profit or loss. For details, see " — Description of Certain Consolidated Statements of Financial Position Items — Financial Instruments Issued to Investors."

We had net current assets of RMB384.0 million as of December 31, 2020, as compared to net current liabilities of RMB163.3 million as of December 31, 2019. The change was primarily due to (i) a decrease in financial instruments issued to investors of RMB368.0 million because certain priority rights were waived by the investors of Series B, Series B+ and Series C investments in supplementary investment agreements in 2020, which enabled these financial instruments being reclassified from financial liabilities to equity, and (ii) an increase of RMB289.4 million in cash and cash equivalents, which was primarily attributable to proceeds we received from a series of equity financings in 2020, partially offset by a decrease of RMB90.4 million in other financial assets current portion due to our disposal of wealth management products in 2020.

The increase in our net current assets from RMB384.0 million as of December 31, 2020 to RMB596.7 million as of June 30, 2021 was primarily due to (i) an increase of RMB200.6 million in cash and cash equivalents, which was primarily attributable to proceeds we received from Series D Investors in 2021; and (ii) an increase of RMB22.1 million in deposits, prepayments and other receivables, which was primarily attributable to our prepayments in relation to listing expenses, partially offset by an increase of RMB12.2 million in trade and other payables, which was primarily because the accrued listing expenses.

The slight decrease in our net current assets from RMB596.7 million as of June 30, 2021 to RMB563.7 million as of August 31, 2021 was primarily due to (i) a decrease of RMB354.0 million in cash and cash equivalents, which was primarily attributable to our purchase of wealth management products; and (ii) an increase of RMB22.2 million in contract liabilities, which was primarily due to the short-term advances received from customers for new contracts obtained as a result of our business growth, partially offset by an increase of RMB333.8 million in other financial assets, which was primarily attributable to our purchase of wealth management products.

Cash Operating Costs

The following table provides information regarding our cash operating costs for the periods indicated:

	Year ended December 31,		Six months ended June 30,	
	2019	2020	2020	2021
			(Unaudited)	
		(RMB'000)		
Research and development costs				
Research and development costs for Core Product				
Employee benefits expenses	22,728	27,739	12,141	13,818
Depreciation expenses	970	1,058	700	957
Testing fees	8,446	2,519	1,993	2,867
Leasing expenses	1,311	1,182	373	358
Others	1,907	2,013	470	1,389
Subtotal	35,362	34,511	15,677	19,389
Research and development costs for other product candidates				
Employee benefits expenses	1,564	2,930	1,201	3,289
Testing fees	4,097	4,537	197	683
Others	189	331	153	644
Subtotal	5,850	7,798	1,551	4,616
Workforce employment(1)	21,388	36,152	14,858	24,569
Direct production costs(2)	2,427	2,461	280	5,728
Non-income taxes and other government charges(3)	128	116	46	373

Notes:

(1) Workforce employment costs represent total staff costs (except for staff costs in relation to research and development personnel) mainly including salaries and benefits.

(2) Direct production costs represent fundus cameras purchases from third-party suppliers.

(3) Non-income taxes and other government charges represent taxes and surcharges.

Cash Flows

The following table sets forth the components of our consolidated statements of cash flows for the periods indicated:

	Year ended December 31,		Six months ended June 30,	
	2019	2020	2020	2021
			(Unaudited)	
		(RMB'000)		
Cash flows from operating activities before movement in working capital	(44,744)	(39,097)	(26,807)	(32,586)
Changes in working capital	(13,952)	(3,759)	6,453	(6,866)
Net cash used in operating activities	(58,696)	(42,856)	(20,354)	(39,452)
Net cash (used in)/generated from investing activities	(26,708)	91,695	(42,873)	(10,642)
Net cash generated from financing activities	61,397	240,633	(264)	250,849
Net (decrease)/increase in cash and cash equivalents	(24,007)	289,472	(63,491)	200,753
Cash and cash equivalents at beginning of year/period	109,001	85,336	85,336	374,698
Effect of foreign exchange rate changes	342	(110)	(33)	(166)
Cash and cash equivalents at end of year/period	85,336	374,698	21,812	575,285

Operating Activities

During the Track Record Period, we incurred negative cash flows from our operations, primarily resulted from the costs in relation to our research and development, selling and operations. In view of our net operating cash outflows throughout the Track Record Period, we plan to improve such position by (i) rapidly advancing our pipeline products towards commercialization. For Airdoc-AIFUNDUS (2.0) and Airdoc-AIFUNDUS (3.0), we plan to apply for a registration approval of new indications with the NMPA in the second quarter of 2022 and the first half of 2024, respectively; (ii) implementing our commercialization strategy to generate more revenue. We plan to promote our Airdoc-AIFUNDUS to medical institutions to assist physicians with medical diagnoses. We plan to provide our Airdoc-AIFUNDUS (1.0) to endocrinology and ophthalmology departments in hospitals. After we complete the development of Airdoc-AIFUNDUS (2.0) and (3.0), we plan to further provide our Airdoc-AIFUNDUS to

cardiovascular, ophthalmology and other departments in hospitals. We are also evaluating opportunities to increase the penetration rate of our health risk assessment solutions in other consumer healthcare environments. We plan to deepen our business relationships with existing consumer healthcare customers, including insurance companies, optometry centers and pharmacies, and continue to increase our geographical presence; and (iii) adopting comprehensive measures to effectively control our cost and operating expenses leveraging our economies of scale.

In the six months ended June 30, 2021, our net cash used in operating activities was RMB39.5 million, primarily reflecting loss before tax of RMB37.2 million, positively adjusted by RMB6.6 million of depreciation and RMB4.8 million of decrease in trade receivables, and negatively adjusted by RMB7.1 million of increase in trade receivables and RMB5.4 million of increase in deposits, prepayments and other receivables.

In 2020, our net cash used in operating activities was RMB42.9 million, primarily reflecting loss before tax of RMB79.3 million, positively adjusted by RMB27.3 million of changes in the carrying amount of financial instruments issued to investors and RMB11.1 million of equity-settled share-based payment expenses, and negatively adjusted by RMB6.7 million of decrease in trade and other payables.

In 2019, our net cash used in operating activities was RMB58.7 million, primarily reflecting loss before tax of RMB87.1 million, positively adjusted by RMB40.9 million of changes in the carrying amount of financial instruments issued to investors and RMB12.6 million of decrease in deposits, prepayments and other receivables, and negatively adjusted by RMB19.1 million of decrease in trade and other payables and RMB14.6 million of increase in trade receivables.

Investing Activities

In the six months ended June 30, 2021, our net cash used in investing activities was RMB10.6 million, which was primarily attributable to (i) the redemption of debt instruments and wealth management products of RMB550.0 million; and (ii) RMB13.8 million in payment for purchase of property, plant and equipment, partially offset by RMB550.0 million in payment for purchase of debt instruments and wealth management products.

In 2020, our net cash from investing activities was RMB91.7 million, which was primarily attributable to (i) the redemption of debt instruments and wealth management products of RMB656.2 million; and (ii) loans repaid by a company controlled by a Director of RMB20.0 million, partially offset by (i) RMB566.0 million in payment for purchase of debt instruments and wealth management products; and (ii) RMB21.9 million in payment for purchase of property, plant and equipment.

In 2019, our net cash used in investing activities was RMB26.7 million, which was primarily attributable to (i) RMB720.1 million in payment for purchase of debt instruments and wealth management products; and (ii) loans to a company controlled by a Director of RMB20.0 million, partially offset by the redemption of wealth management products of RMB709.8 million.

Financing Activities

In the six months ended June 30, 2021, our net cash generated from financing activities was RMB250.8 million, which was primarily attributable to RMB260.5 million in capital contributions received from equity financing.

In 2020, our net cash generated from in financing activities was RMB240.6 million, which was primarily attributable to RMB180.0 million in proceeds from the issuance of financial instruments to investors and RMB62.9 million in capital contributions received from equity financing.

In 2019, our net cash generated from financing activities was RMB61.4 million, which was primarily attributable to RMB60.0 million in proceeds from the issuance of financial instruments to investors.

WORKING CAPITAL CONFIRMATION

Going forward, we believe our liquidity requirements will be satisfied by using funds from a combination of cash from operations and net proceeds from the Global Offering. As of August 31, 2021, being the latest practicable date for determining our indebtedness, we had capital resources of RMB555.0 million, consisting of cash and cash equivalents and financial products we purchased. Our Directors are of the opinion that, taking into account (i) the financial resources available to our Group, including cash and cash equivalents of RMB221.3 million as of August 31, 2021, available financing facilities and the estimated net proceeds from the Listing; and (ii) our cash burn rate, we have sufficient working capital to cover at least 125% of our costs, including research and development expenses, general and administrative expenses, finance costs and other expenses for at least the next 12 months from the date of this prospectus.

Our cash burn rate refers to our cash and cash equivalents balance divided by average monthly net cash used in operating activities plus payments for property, plant and equipment. Assuming that the average cash burn rate going forward of three times the level in 2020 and the first six months in 2021, we estimate that our cash and cash equivalents as of June 30, 2021 will be able to maintain our financial viability for 29 months or, if we also take into account 10.0% of the estimated net proceeds (based on the low end of the indicative Offer Price) from the Listing, which will be used for our working capital and general corporate purposes, 36 months. Our

Directors and our management team will continue to monitor our working capital, cash flows, and our business development status and expect to raise our next round of financing, if needed, with a minimum buffer of 12 months.

INDEBTEDNESS

As of December 31, 2019 and 2020, June 30, 2021 and August 31, 2021, our indebtedness was RMB0.5 million, RMB0.5 million, RMB5.0 million and RMB5.0 million, respectively, representing our lease liability in relation to the lease of our office premises. Save as disclosed above, as of December 31, 2019 and 2020, June 30, 2021 and August 31, 2021, we did not have any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, borrowings and other similar indebtedness, liabilities under acceptance or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

CAPITAL EXPENDITURES

Our capital expenditures primarily consist of purchase and manufacturing of fundus camera, furniture and others and leasehold improvement. In 2019 and 2020 and the six months ended June 30, 2021, our capital expenditure was RMB2.0 million, RMB21.9 million and RMB13.8 million, respectively. The increase in our capital expenditures was because we started pilot production of our self-developed fundus camera, AI-FUNDUSCAMERA-P, in March 2020 to support the growing demand for our AI-based software solutions. The following table sets forth our capital expenditures for the periods indicated:

	Year ended December 31,		Six months ended June 30,
	2019	2020	2021
		(RMB'000)	
Hardware devices	1,928	20,398	12,468
Furniture and others	24	1,515	27
Leasehold improvement	—	—	1,270
Total	1,952	21,913	13,765

We expect that our capital expenditures in 2021 will be approximately RMB50.5 million, primarily related to purchasing and manufacturing fundus cameras, purchasing servers used in our operations, and optimizing our deep learning algorithms and improving our engineering infrastructure. We plan to fund our planned capital expenditures using cash deposits and the net proceeds received from the Global Offering. See "Future Plans and Use of Proceeds." We may reallocate the fund to be utilized on capital expenditure based on our ongoing business needs.

CONTRACTUAL COMMITMENTS

Capital Commitments

As of December 31, 2019 and 2020, we did not have any significant capital commitments. As of June 30, 2021, we had capital commitments contracted for but not yet provided of RMB20.5 million primarily in connection with contracts entered into with suppliers for the purchase of fundus camera.

CONTINGENT LIABILITIES

As of December 31, 2019 and 2020 and June 30, 2021, we did not have any contingent liabilities. Our Directors confirm that there has been no material change in our contingent liabilities since June 30, 2021 and up to the Latest Practicable Date.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements such as relationships with unconsolidated entities or financial partnerships, which are often referred to as structured finance or special purpose entities, established for the purpose of facilitating financing transactions that are not required to be reflected on our balance sheets.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to a variety of market risks and other financial risks, including cash flow and fair value interest rate risk, credit risk and liquidity risk as set out below. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. For further details, including relevant sensitivity analysis, see note 25 in the Accountants' Report set out in Appendix I of this prospectus.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in our financial loss. Our credit risk is primarily attributable to trade and other receivables. Our exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are state-owned banks or reputable commercial banks for which we consider to have low credit risk. The management of our Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Liquidity Risk

Our policy is to regularly monitor our liquidity requirements and our compliance with lending covenants, to ensure that we maintain sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet our liquidity requirements in the short and longer term.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. We are primarily exposed to fair value interest rate risk in relation to lease liabilities, financial instruments issued to investors and cash flow risk in relation to variable-rate bank balances. We currently do 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. We consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances and cash is insignificant because the current market interest rates are relatively low and stable.

KEY FINANCIAL RATIOS

	As of/for the year ended December 31,		As of/for the six months ended June 30,
	2019	2020	2021
Gross profit margin[(1)]	53.0%	61.0%	64.1%
Current ratio[(2)]	0.6	16.4	15.5

(1) Gross profit margin equals gross profit for the year divided by revenue for the year/period and multiplied by 100%.

(2) Current ratio is calculated using current assets divided by current liabilities as of the same date.

Gross Profit Margin

In 2019 and 2020 and the six months ended June 30, 2021, our gross profit margin was 53.0%, 61.0% and 64.1%, respectively. For details, see "— Results of Operations."

Current Ratio

Current ratio increased from 0.6 times as of December 31, 2019 to 16.4 times as of December 31, 2020 mainly due to our significantly increased current assets. The increase was primarily in relation to (i) an increase in our cash and cash equivalents attributable to proceeds we received from a series of equity financings in 2020; and (ii) a decrease in financial instruments issued to investors because these financial instruments were all reclassified from financial liabilities to equity. Current ratio decreased from 16.4 times as of December 31, 2020 to 15.5 times as of June 30, 2021, which was mainly due to our increased trade and other payables attributable to the accrued listing expenses in 2021.

TRANSACTIONS WITH RELATED PARTIES

We had the following transactions during the Track Record Period with related parties:

	Year ended December 31,		Six months ended June 30,	
	2019	2020	2020	2021
			(Unaudited)	
		(RMB'000)		
Trade nature				
Provision of AI-based software solutions	2,675	9,922	532	3,972
Non-trade nature				
Financing arrangements with related parties				
— Interest income from Airdoc Universe	17	624	434	—
— New loan to Mr. Gao	200	—	—	—
— New loan to Airdoc Universe	20,000	—	—	—

During the Track Record Period, we provided AI-based software solutions to subsidiaries of Ping An Insurance (Group) Company of China Ltd., (together, the "**Ping An Insurance Group's subsidiaries**") that are fellow subsidiaries of our Shareholder, Ping An Healthtech, the transaction amount of which was RMB2.7 million, RMB9.9 million and RMB4.0 million in 2019 and 2020 in the six months ended June 30, 2021, respectively.

In December 2019, we provided a non-interest bearing loan of RMB0.2 million to Mr. Gao, one of our Co-Founders, an executive Director and a substantial Shareholder, as an advance for operational use. The loan was fully settled in March 2020. In December 2019, we also provided a short-term loan of RMB20.0 million to Airdoc Universe with an interest rate at 4.35% per annum. The loan was fully settled in September 2020.

The following table sets forth outstanding balances with related parties as of the dates indicated:

	As of December 31,		As of June 30,
	2019	2020	2021
		(RMB'000)	
Trade nature			
Ping An Insurance Group's subsidiaries. . . .	2,534	7,075	1,071
Non-trade nature			
Mr. Gao	1,550	—	—
Airdoc Universe	20,023	—	—
Total	24,107	7,075	1,071

It is the view of our Directors that each of the above transactions (i) was conducted in the ordinary and usual course of business and on normal commercial terms between the relevant parties; and (ii) does not distort our Track Record Period results or make our historical results not reflective of future performance. See note 27 to the Accountants' Report as set out in Appendix I for a detailed information of transactions with related parties.

DIVIDENDS

No dividend was paid or declared by the Company during the Track Record Period. The determination of whether to pay a dividend and in which amount is based on factors the Board may deem relevant. Any dividend distribution will also be subject to the approval of the Shareholders in the Shareholder's meeting. Under the PRC law and the Articles of Association, the general reserve requires annual appropriations of 10% of after-tax profits at each year-end until the balance reaches 50% of the relevant PRC entity's registered capital. In view of our accumulated losses, as advised by our PRC Legal Advisors, according to the relevant PRC laws and regulations and the Articles of Association, we shall not declare or pay dividend until the accumulated losses are covered by our after-tax profits and sufficient statutory common reserve are drawn in accordance with the relevant laws and regulations.

DISTRIBUTABLE RESERVES

As of June 30, 2021, we did not have any reserves available for distribution to our Shareholders.

LISTING EXPENSES

Listing expenses to be borne by us are estimated to be approximately RMB89.8 million (including underwriting-related expenses of approximately RMB51.3 million, and non-underwriting related expenses of approximately RMB38.5 million which consist of fees and expenses of legal advisors and accountants of approximately RMB25.8 million and other fees and expenses of approximately RMB12.7 million, assuming an Offer Price of HK$78.20 per H Share, which is the mid-point of the indicative Offer Price range stated in this prospectus and assuming that the Over-allotment Option is not exercised), of which approximately RMB9.1 million is expected to be charged to our consolidated statements of profit or loss and other comprehensive income, and approximately RMB80.7 million is expected to be accounted for as a deduction from equity upon the Listing. During the Track Record Period, we incurred listing expenses of RMB2.8 million. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate. Our listing expenses as a percentage of gross proceeds is 6.2%, assuming an Offer Price of HK$78.20 per H Share, which is the mid-point of the indicative Offer Price range stated in this prospectus and assuming that the Over-allotment Option is not exercised. Our Directors do not expect such listing expenses to have a material adverse impact on our results of operations for the year ending December 31, 2021.

UNAUDITED PRO FORMA CONSOLIDATED ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of consolidated adjusted net tangible assets of the Group is prepared in accordance with paragraph 4.29 of the Listing Rules to illustrate the effect of the Global Offering on the net tangible assets of the Group attributable to equity shareholders of the Company as of June 30, 2021 as if the Global Offering had taken place on that date.

The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not provide a true picture of the financial position of our Group had the Global Offering been completed as of June 30, 2021 or at any future dates.

	Consolidated adjusted net tangible assets attributable to equity shareholders of the Company as of June 30, 2021	**Estimated net proceeds from the Global Offering**	**Unaudited pro forma consolidated adjusted net tangible assets attributable to Shareholders of the Company as of June 30, 2021**	**Unaudited pro forma consolidated adjusted net tangible assets attributable to Shareholders of the Company per Share as of June 30, 2021**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
	Note 1	*Note 2*		*Note 3*	*Note 4*
Based on an Offer Price of HK$75.1 per Offer Share. .	631,473	1,297,119	1,928,592	18.62	22.53
Based on an Offer Price of HK$81.3 per Offer Share. .	631,473	1,406,662	2,038,135	19.68	23.81

(1) The consolidated adjusted net tangible assets attributable to equity shareholders of the Company as of June 30, 2021 is based on the consolidated adjusted net assets of our Group of RMB631.5 million as of June 30, 2021 as extracted from the Accountants' Report as set out in Appendix I in this prospectus.

(2) The estimated net proceeds from the Global Offering are based on the indicative Offer Prices of HK$75.1 per Offer Share (being the lower end of the Offer Price range) and HK$81.3 per Offer Share (being the higher end of the Offer Price range), and 22,267,200 Shares expected to be issued under the Global Offering, after deduction of the underwriting fees and other related listing expenses payable by the Group (excluding any expenses that have been charged to profit or loss during the Track Record Period) and does not take into account any shares which may be issued upon the exercise of the Over-allotment Option and excluding any shares which may be issued or repurchased by the Company pursuant to the general mandates.

The estimated net proceeds from the Global Offering is converted into Renminbi at an exchange rate of HK$1.2098 to RMB1. No representation is made that Hong Kong dollar amounts have been, could have been or may be converted to Renminbi, or vice versa, at that rate or at any other rate or at all.

(3) The unaudited pro forma consolidated adjusted net tangible assets attributable to equity shareholders of the Company per Share is arrived at after adjusting for the estimated net proceeds from the Global Offering as described in the preceding paragraphs and on the basis that a total of 103,568,013 Shares were in issue assuming that the Global Offering had been completed on June 30, 2021, but not taking into account of the exercise of the Over-allotment Option and excluding any shares which may be issued or repurchased by the Company pursuant to the general mandates.

(4) The unaudited pro forma consolidated adjusted net tangible assets attributable to equity shareholders of the Company per Share is converted into Hong Kong dollars at an exchange rate of HK$1.2098 to RMB1. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate or at any other rate or at all.

(5) No adjustment has been made to the unaudited pro forma consolidated adjusted net tangible assets attributable to equity shareholders of the Company to reflect any trading results or other transactions of the Group subsequent to June 30, 2021.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed, after performing all the due diligence work which our Directors consider appropriate, that, as of the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since June 30, 2021 and up to the date of this prospectus.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, they were not aware of any circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND PROSPECTS

See "Business — Business Strategies" for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$1,632.7 million, after deducting underwriting commissions, fees and estimated expenses payable by us in connection with the Global Offering, and assuming an Offer Price of HK$78.20 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$81.30 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$66.3 million. If the Offer Price is set at HK$75.10 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$66.3 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:

(i) Approximately 50.0%, or HK$816.3 million, will be allocated to continue to optimize, develop and commercialize Airdoc-AIFUNDUS, our Core Product, as follows:

- Approximately 19.0%, or HK$310.2 million, will be used for commercialization of Airdoc-AIFUNDUS (1.0). We plan to continuously expand the market coverage of our Airdoc-AIFUNDUS (1.0) to medical institutions to penetrate into at least 3,000 medical institutions, including at least 1,000 Grade III hospitals and at least 2,000 primary health institutions and achieve a penetration rate of 33% and 10%, respectively, in the short- to mid-term. In particular, (i) approximately 9.5%, or HK$155.1 million will be used for expansion of our sales and marketing team to over 200 members with extensive industry knowledge and marketing experience; (ii) approximately 2.4%, or HK$39.2 million will be used for participating in and sponsoring industry-leading academic conferences and marketing activities in order to strengthen our presence in multiple healthcare environments. Such activities include, among others, national annual health management conference, annual regional health management conferences, annual national endocrine seminar and annual ophthalmology seminar. We expect to sponsor or participate in around 20 national conference and 30 regional academic conferences, such as academic conferences organized by Chinese Medical Association and Chinese Medical Doctor Association, provincial diabetes conference, endocrinology conference, obstetrics and gynecology academic conference, health management conference in eight key provinces; and (iii) approximately 7.1%, or HK$115.9 million will be

used for setting up AI-empowered retina-based diagnosis workstations in influential hospitals to increase the awareness of our Airdoc-AIFUNDUS (1.0) among physicians and patients. We expect to set up five and ten workstations at national leading hospitals, as well as 20 and 40 workstations at provincial leading hospitals, in each of 2021 and 2022. For details, see "Business — Sales and Marketing — Marketing Strategy."

- Approximately 14.0%, or HK$228.6 million, will be used to expand our database, optimize our deep learning algorithms and improve our engineering infrastructure. We plan to (i) further invest in our retinal image database by continuing to accumulate real-world user retinal images and cooperate with physicians for data labeling and analysis. In addition, we plan to develop a national-standard retinal image database by partnering with governmental authorities and leading hospitals, which we believe will serve as a tool contributing to the growth of ecosystem of retinal imaging industry; (ii) optimize our deep learning algorithms with a focus on expanding the breadth and depth of our algorithms and covering more chronic diseases; and (iii) improve our engineering infrastructure, including our algorithm training system, model interpretation system and model verification platform to achieve smoother and more efficient interaction shorten the development cycle of our deep learning algorithms and enhance the efficiency of our research and development.

- Approximately 10.0%, or HK$163.3 million, will be used to enhance and improve the service scalability and compliance. We plan to (i) improve our online deep learning inference system, which will ensure our deep learning algorithms can accurately identify referable patients through input data and service management system, which will coordinate deep learning inference from multiple deep learning models to provide highly reliable, highly efficient and highly secure medical AI services to our customers; and (ii) enhance and build up product development and engineering infrastructures, which will primarily focus on investing in computation and data resources.

- Approximately 7.0%, or HK$114.3 million, will be used to fund our clinical research and clinical product development, including clinical trials and regulatory submission for the indication expansion of Airdoc-AIFUNDUS (2.0) and Airdoc-AIFUNDUS (3.0). Airdoc-AIFUNDUS (2.0) is designed for the auxiliary diagnosis of hypertensive retinopathy, retinal vein occlusion and AMD. We plan to commence the multi-center clinical trial for Airdoc-AIFUNDUS (2.0) in November 2021 and apply for a registration approval of new indications with the NMPA in the second quarter of 2022. We plan to commence our multi-center clinical trial for Airdoc-AIFUNDUS (3.0) in October 2022 and apply for a registration approval of new indications with the NMPA in the first half of 2024.

(ii) Approximately 19.0%, or HK$310.2 million, will be used to fund the research and development and manufacturing of our hardware devices, including (i) further research and development of our AI-FUNDUSCAMERA-D and AI-FUNDUSCAMERA-M; and (ii) build up our commercial-scale manufacturing capabilities for AI-FUNDUSCAMERA-P and AI-FUNDUSCAMERA-D and build up pilot manufacturing capabilities for our AI-FUNDUSCAMERA-M.

(iii) Approximately 10.0%, or HK$163.3 million, will be used to fund the ongoing and future research and development of our health risk assessment solutions, including (i) seeking potential collaboration, investment and acquisition opportunities with AI technology companies specialized in the cardiovascular and neurological diseases. We currently do not have any specific targets or targets under negotiation; (ii) advancing the development of customized health risk assessment solutions for different consumer healthcare settings, including nursing homes and enterprise clinics, with an aim to enhance precision medicine; and (iii) expanding the coverage of diseases and lesions of our health risk assessment solutions to hyperthyroidism, graves ophthalmopathy, retinal vein occlusion, dementia, Parkinson's disease, atrial fibrillation and arteriosclerosis.

(iv) Approximately 6.0%, or HK$98.0 million, will be used for the development of our portfolio to diversify our AI-empowered retina-based early detection, diagnosis and health risk assessment solutions, including the research and development, clinical trials and registration of SaMDs covering ICVD and ASCVD, gestational diabetic retinopathy, gestational hypertensive retinopathy, papilledema intracranial hypertension retinopathy and anemia based on our AI-empowered retina-based early detection, diagnosis and health risk assessment technology platform. See "Business — Our Portfolio — SaMDs for Detection and Diagnosis — Other SaMDs for Detection and Diagnosis."

(v) Approximately 5.0%, or HK$81.6 million, will be used to fund our collaborations with academic and research institutions on joint research projects. We plan to continue to pursue collaborations with academic and research institutions in further studies on retinal vascular diseases and neurological lesions, with a goal of exploring opportunities to develop new products in these areas.

(vi) Approximately 10.0%, or HK$163.3 million, will be used for our working capital and general corporate purposes.

The above allocation of the net proceeds from the Global Offering will be adjusted on a *pro rata* basis in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the indicative Offer Price range stated in this prospectus. If the Over-allotment Option is exercised in full, the net proceeds that we will receive will be approximately HK$1,883.4 million, assuming an Offer Price of HK$78.20 per Share (being the mid-point of the indicative Offer Price range). In the event that the Over-allotment Option is exercised in full, we intend to apply the additional net proceeds to the above purposes in the proportions stated above.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by the relevant 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 deposits with licensed banks in Hong Kong. We will make an appropriate announcement if there is any change to the above proposed use of proceeds.

HONG KONG UNDERWRITERS

UBS AG Hong Kong Branch

CLSA Limited

CMB International Capital Limited

Essence International Securities (Hong Kong) Limited

Haitong International Securities Company Limited

China PA Securities (Hong Kong) Company Limited

Fosun Hani Securities Limited

GF Securities (Hong Kong) Brokerage Limited

Guodu Securities (Hong Kong) Limited

SPDB International 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 Representatives (on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 2,226,800 Hong Kong Offer Shares and the International Offering of initially 20,040,400 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 (in the case of the International Offering).

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering the Hong Kong Offer Shares for subscription on the terms and conditions set out in this prospectus, the **GREEN** Application Form and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Listing Committee granting approval for the listing of, and permission to deal in, the H Shares to be offered pursuant to the Global Offering (including any additional H Shares that may be issued pursuant to the exercise of the Over-allotment Option) on the Main Board of the Stock Exchange and such approval not subsequently having been revoked prior to the commencement of trading of the H Shares on the Stock Exchange and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this prospectus, the **GREEN** Application Form and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The Joint Sponsors and the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) shall be entitled by notice in writing to the Company to terminate the Hong Kong Underwriting Agreement with immediate effect if, at any time prior to 8:00 a.m. on the Listing Date:

(A) there develops, occurs, exists or comes into effect:

(a) any local, national, regional or international event or series of events or circumstance in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of diseases, including, but not limited to, SARS, swine or avian flu, Ebola virus, Middle East respiratory syndrome (MERS), COVID-19 and their related/mutated forms, economic

sanctions, strikes, lock-outs, fire, explosion, flooding, tsunami, earthquake, volcanic eruption, civil commotion, riots, public disorder, accident or interruption in transportation, destruction of power plant, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism (whether or not responsibility has been claimed), or other state of emergency or calamity or crisis in whatever form) in or affecting Hong Kong, the PRC, the United States or any other jurisdiction relevant to any member of the Group or the Global Offering (collectively, the "**Relevant Jurisdictions**"); or

(b) any change, or any development involving a prospective change, or any event or series of events or circumstance likely to result in a change or development, or prospective change (whether or not permanent) or development, in local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions (including conditions in stock and bond markets, money and foreign exchange markets, and inter-bank markets and credit markets) in or affecting any of the Relevant Jurisdictions; or

(c) any moratorium, suspension or restriction (including any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or

(d) any general moratorium on commercial banking activities in any Relevant Jurisdiction or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any Relevant Jurisdiction; or

(e) any new law, or any change or any development involving a prospective change or any event or circumstance likely to result in a change or a development involving a prospective change in (or in the interpretation or application by any court or other competent authority of) existing laws, in each case, in or affecting any of the Relevant Jurisdictions; or

(f) the imposition of sanctions, in whatever form, directly or indirectly, under any sanction laws or regulations in any of the Relevant Jurisdictions; or

(g) any change or development involving a prospective change in or affecting Taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar, U.S. dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions; or

(h) any action, writ, suit and proceeding (including, without limitation, any investigation or inquiry by or before any authority), demands, judgments, awards and claims (whether or not any such claim involves or results in any action, suit or proceeding) of any third party being threatened or instigated against any member of the Group, any of the chairman of the Board, the chief executive officer or the chief financial officer of the Company or the Founder; or

(i) the commencement by any regulatory or political body or organization of any investigation or action against a Director or an announcement by any authority or political body or organization that it intends to investigate or take any such action; or

(j) any of the Directors, chief executive officer or chief financial officer of the Company vacating his or her office; or

(k) any contravention by any member of the Group, any Director, Supervisor, the chief executive officer or the chief financial officer of the Company or the Founder of any applicable laws, including the Listing Rules, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the PRC Company Law and all rules and regulations applicable to companies incorporated in the PRC; or

(l) any demand by creditors for repayment of indebtedness or a petition being presented for the winding-up or liquidation of any member of the Group, or any member of the Group making any composition or arrangement with its creditors or entering into a scheme of arrangement or any order or petition being made or any resolution being passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager being appointed over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group; or

(m) any adverse change or prospective adverse change in or affecting the earnings, business, business prospects, financial or trading position, or conditions (financial or otherwise) of the Group (including as a result of any litigation or claim being threatened or instigated against any member of the Group); or

(n) any change or development involving a prospective change in, or a materialization of any of the risks set out in the section headed "Risk Factors" of this prospectus; or

(o) the issue or requirement to issue by the Company of a supplement or amendment to this prospectus, the Green Application Form or any other documents used in connection with the contemplated offer of the Offer Shares pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange, the SFC and/or the CSRC; or

(p) 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 any securities of the Company listed or quoted on a stock exchange,

which, individually or in the aggregate, in the sole and absolute opinion of the Joint Sponsors and the Joint Representatives:

(1) has or will have or may have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition (financial or otherwise) or performance of the Group as a whole;

(2) has or will have or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering;

(3) makes or will make or may make it inadvisable, inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering; or

(4) has or will have or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(B) there has come to the notice of any of the Joint Sponsors or the Joint Representatives:

(a) that any statement contained in any of this prospectus, its application proof, the post hearing information pack, the Green Application Form, the formal notice, the price determination agreement, the receiving bank agreement, the registrar agreement, the **HK eIPO White Form** Service Provider appointment letter, the preliminary offering circular, the final offering circular and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (together, the "**Offer Related Documents**") (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect, inaccurate in any material respect or misleading, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of the Offer Related Documents (including any supplement or amendment thereto) is not fair and honest and based on reasonable assumptions; or

(b) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material misstatement in, or a material omission from, any of the Offer Related Documents (including any supplement or amendment thereto); or

(c) any breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement or any of the cornerstone investment agreements (other than upon any of the Joint Sponsors, the Hong Kong Underwriters or the International Underwriters); or

(d) any event, act or omission which gives or is likely to give rise to any liability of any of the indemnifying parties pursuant to the Hong Kong Underwriting Agreement; or

(e) any material adverse change or any development involving a prospective material adverse change in the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition (financial or otherwise) or performance of the Group as a whole; or

(f) any breach of, or any event or circumstance rendering untrue or incorrect in any material respect or misleading, any of the representations, warranties, agreements or undertakings given by the Company or the Founder pursuant to the Hong Kong Underwriting Agreement and the International Underwriting Agreement; or

(g) any event, act or omission which gives or is reasonably expected to give rise to any material liability of the Company pursuant to the indemnities given by the Company under the Hong Kong Underwriting Agreement; or

(h) the approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including any additional H Shares that 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 Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions), revoked or withheld; or

(i) the Company withdraws any of the Offer Related Documents or the Global Offering; or

(j) any person (other than the Joint Sponsors) has withdrawn its consent to the issue of this prospectus and any other Offer Related Document with the inclusion of its report, letter and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appear; or

(k) a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the H Shares (including the Option Shares) pursuant to the terms of the Global Offering; or

(l) any Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management or taking directorship of a company, or being subject to any disciplinary proceedings by or before any authority or political or regulatory or administrative body, agency or organization in any Relevant Jurisdiction (including, in particular, the CSRC and its local branches and representative offices); or

(m) over 50% of the orders (in terms of investment amount) in the investment commitments by any cornerstone investors, have been withdrawn, terminated or cancelled.

Undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that it will not issue any further Shares, or securities convertible into equity securities of our Company (whether or not of a class already listed) or enter into any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except (a) pursuant to the Global Offering and the Over-allotment Option or (b) under any of the circumstances provided under Rule 10.08 of the Listing Rules.

Undertakings by the Single Largest Group of Shareholders

Pursuant to Rule 10.07(1) of the Listing Rules, each of the Single Largest Group of Shareholders has irrevocably and unconditionally undertaken to the Stock Exchange and our Company that, except in compliance with the requirements of the Listing Rules, he/she will not and will procure that the relevant registered holder(s) will not, either directly or indirectly, in the period commencing on the date by reference to which disclosure of his/her shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date (the "**Six-Month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the securities of our Company in respect of which he/she is shown in this prospectus to be the beneficial owner(s).

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Single Largest Group of Shareholders has irrevocably and unconditionally undertaken to the Stock Exchange and our Company that, within the Six-Month Period, he/she will and will procure that the relevant registered holder(s) will:

(a) when he/she pledges or charges any securities of our Company beneficially owned by him/her in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform our Company of such pledge/charge together with the number of the securities so pledged or charged; and

(b) when he/she receives any indication, either verbal or written, from the pledgee or chargee that any of the pledged/charged securities will be disposed of, immediately inform our Company of such indications.

Our Company will inform the Stock Exchange as soon as it has been informed of the matters referred to in paragraph (a) and (b) above (if any) by any of the Single Largest Group of Shareholders and subject to the then requirements of the Listing Rules disclose such matters by way of an announcement which is published in accordance with Rule 2.07C of the Listing Rules as soon as possible.

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertakings by our Company and the Founder in respect of our Company

The Company has, pursuant to the Hong Kong Underwriting Agreement, undertaken to each of the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters not to, without the prior written consent of the Joint Sponsors and the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters), provided that such consent shall not be reasonably withheld or delayed, and unless in compliance with the requirements of the Listing Rules (and only after the consent of any relevant PRC authority (if required) has been obtained), except for the offer, allotment and issue of the Offer Shares pursuant to the Global Offering (including pursuant to any exercise of the Over-Allotment Option, at any time), during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months from the Listing Date (the "**First Six-Month Period**"):

(a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, hypothecate, hedge, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or offer, contract or agree to transfer or dispose of or create an encumbrance over, in each case either directly or indirectly, conditionally or unconditionally, any legal or beneficial interest in the H Shares or other securities of the Company or any shares or other securities of such other member of the Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to subscribe for or purchase, any H Shares or other securities of the Company or any securities of such other member of the Group, as applicable), or deposit any H Shares or other securities of the Company or any shares or other securities of such other member of the Group, as applicable, with a depositary in connection with the issue of depositary receipts; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of any H Shares or other securities of the Company or any shares or other securities of such other member of the Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any H Shares or other securities of the Company or any shares or other securities of such other member of the Group, as applicable or any interest in any of the foregoing); or

(c) enter into any transaction with the same economic effect as any transaction specified in (a) or (b) above; or

(d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above,

in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of H Shares or other securities of the Company or shares or other securities of such other member of the Group, as applicable, or in cash or otherwise (whether or not the issue of such H Shares or other shares or securities will be completed within the First Six-Month Period).

In the event that, at any time during the period of six months commencing on the date on which the First Six-Month Period expires (the "**Second Six-Month Period**"), the Company enters into any of the transactions specified in (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, the Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of the Company.

The Founder has undertaken to each of the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters to procure the Company to comply with the undertakings herein.

The Company has agreed and undertaken to each of the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners and the Hong Kong Underwriters that it will not, and the Founder has further undertaken to each of the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners and the Hong Kong Underwriters to procure that the Company will not, effect any purchase of H Shares, or agree to do so, which may reduce the holdings of H Shares held by the public (as defined in Rule 8.24 of the Listing Rules) below 25% (or such minimum public float requirements specified in Rule 8.08 of the Listing Rules or otherwise approved by the Stock Exchange) on or before the date falling one

year after the Listing Date without first having obtained the prior written consent of the Joint Sponsors and the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters).

Undertakings by the Founder in respect of himself

The Founder has, pursuant to the Hong Kong Underwriting Agreement, undertaken to each of the Company, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, without the prior written consent of the Joint Sponsors and the Joint Representatives (for themselves and on behalf of the Underwriters) and unless in compliance with the requirements of the Listing Rules, he, and shall procure that each of the relevant registered holder(s), companies controlled by him or any nominee or trustee holding on trust for him:

(a) will not at any time during the First Six-Month Period,

(i) sell, create any short position (as defined in section 308 of the Securities and Futures Ordinance), offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, in each case, either directly or indirectly, conditionally or unconditionally, any H Shares or other securities of the Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company), or deposit any Shares or other securities of the Company with a depositary in connection with the issue of depositary receipts, or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any H Shares or other securities of the Company or any interest therein (including any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company), or

(iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above, or

(iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above,

in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of H Shares or other securities of the Company or in cash or otherwise (whether or not the transaction in relation to such H Shares or other securities will be completed within the First Six-Month Period); and

(b) until the expiry of the Second Six-Month Period, in the event that it enters into any of the transactions specified in (a)(i), (a)(ii) or (a)(iii) above or offers to or agrees to or announces any intention to effect any such transaction, will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of the Company.

The restrictions in (a) and (b) above do not apply to any pledge or charge or any H Shares or other equity securities of the Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other equity securities of the Company) after the Global Offering in 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.

The Founder has agreed and undertaken to each of the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners and the Hong Kong Underwriters that it will not, and the Founder has further undertaken to each of the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners and the Hong Kong Underwriters to procure that the Company will not, effect any purchase of H Shares, or agree to do so, which may reduce the holdings of H Shares held by the public (as defined in Rule 8.24 of the Listing Rules) below 25% (or such minimum public float requirements specified in Rule 8.08 of the Listing Rules or otherwise approved by the Stock Exchange) on or before the date falling one year after the Listing Date without first having obtained the prior written consent of the Joint Sponsors and the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters).

Subject to above, the Founder has agreed and undertaken to each of the Joint Sponsors, the Joint Representatives and the Hong Kong Underwriters that, at any time within the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date which is twelve months after the Listing Date, she/he shall:

(i) upon any pledge or charge in favour of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) of any H Shares or other equity securities of the Company beneficially owned by her/him for a bona fide

commercial loan, immediately inform the Company, the Joint Sponsors and the Joint Representatives in writing of such pledge or charge together with the number of H Shares or other equity securities of the Company which are so pledged or charged; and

(ii) upon any indication received by it, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or other equity securities of the Company will be disposed of, immediately inform the Company, the Joint Sponsors and the Joint Representatives in writing of such indication. The Company has agreed and undertaken that upon receiving such information in writing from the Founder, it shall, as soon as practicable, notify the Stock Exchange and make an announcement in relation to such information in accordance with the Listing Rules.

Hong Kong Underwriters' Interests in our Company

As of the Latest Practicable Date, CITIC Securities Investment Co., Ltd., an affiliate of CLSA Limited, was interested in 1,442,606 Shares of the Company. Save as disclosed above and 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 H Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement.

International Offering

International Underwriting Agreement

In connection with the International Offering, our Company and the Founder expect to enter into the International Underwriting Agreement with the International Underwriters on or around the Price Determination Date. Under the International Underwriting Agreement and subject to the Over-allotment Option, the International Underwriters would, subject to certain conditions set out therein, agree severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the International Offer Shares initially being offered pursuant to the International Offering. It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential

investors should note that in the event that the International Underwriting Agreement is not entered into or is terminated, the Global Offering will not proceed. See the section headed "Structure of the Global Offering — The International Offering" in this prospectus.

Over-allotment Option

Our Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Representatives on behalf of the International Underwriters at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, pursuant to which our Company may be required to issue up to an aggregate of 3,340,000 Shares, representing not more than 15% of the number of Offer Shares initially available under the Global Offering, at the Offer Price, to cover over-allocations (if any) in the International Offering. See the section headed "Structure of the Global Offering — Over-allotment Option" in this prospectus.

Commissions and Expenses

The Underwriters will receive an underwriting commission of 3.5% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option), out of which they will pay any sub-underwriting commissions and other fees.

The Underwriters may receive a discretionary incentive fee of not more than 1.5% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option).

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the relevant International Underwriters.

The aggregate underwriting commissions and fees payable to the Underwriters in relation to the Global Offering (assuming an Offer Price of HK$78.20 per Offer Share (which is the mid-point of the Offer Price range), the full payment of the discretionary incentive fee and the exercise of the Over-allotment Option in full) will be approximately HK$92.3 million.

The aggregate underwriting commissions and fees together with the Stock Exchange listing fees, the SFC transaction levy and the Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering are estimated to be approximately HK$139.1 million (assuming an Offer Price of HK$78.20 per Offer Share (being the mid-point of the Offer Price range), the full payment of the discretionary incentive fee and the exercise of the Over-allotment Option in full), which will be made by our Company.

Indemnity

Each of our Company and the Founder has agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer or incur, including losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by any of our Company and the Founder of the Hong Kong Underwriting Agreement.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with Relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of our Company and/or persons and entities with relationships with our Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group's loans and other debt.

In relation to the H Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the H Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the H Shares (which financing may be secured by the H Shares) in the Global Offering, proprietary trading in the H Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the H Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the H Shares, which may have a negative impact on the trading price of the H Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the H Shares, in baskets of securities or indices including the H Shares, in units of funds that may purchase the H Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the H Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the H 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 H Shares, the liquidity or trading volume in the H Shares and the volatility of the price of the H 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 Stabilization 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, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to our Company and each of its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. UBS AG Hong Kong Branch and CLSA Limited are the Joint Representatives of the Global Offering.

The listing of the H Shares on the Stock Exchange is sponsored by the Joint Sponsors. The Joint Sponsors have made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the H Shares in issue and to be issued as mentioned in this prospectus.

22,267,200 Offer Shares will initially be made available under the Global Offering comprising:

(a) the Hong Kong Public Offering of initially 2,226,800 H Shares (subject to reallocation) in Hong Kong as described in the sub-section "The Hong Kong Public Offering" in this section below; and

(b) the International Offering of initially 20,040,400 H Shares (subject to reallocation and the Over-allotment Option) (i) in the United States solely to QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and (ii) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, as described in the sub-section headed "The International Offering" this section below.

Investors may either:

(i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or

(ii) 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 21.5% of the total Shares in issue immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, the Offer Shares (including H Shares

issued pursuant to the full exercise of the Over-allotment Option) will represent approximately 24.0% of the total Shares in issue immediately following the completion of the Global Offering and the issue of Offer Shares pursuant to the Over-Allotment Option.

References in this prospectus to applications, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

Our Company is initially offering 2,226,800 H Shares (subject to reallocation) 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 number of Offer Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 2.15% of the total Shares in issue immediately following the completion of the Global Offering (assuming 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 that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in the sub-section headed "Conditions of the Global Offering" in this section.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could 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.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally into two pools (with any odd lots being allocated to pool A): 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 Hong Kong Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable) and up to the total value in pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of 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 and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 1,113,400 Hong Kong Offer Shares is liable to be rejected.

Reallocation

The allocation of 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 Hong Kong Offer Shares to certain percentages of the total number of Offer Shares to be offered in the Global Offering if certain prescribed total demand levels in the Hong Kong Public Offering are to the effect as further described below (the "**Mandatory Reallocation**"):

- 2,226,800 Offer Shares are initially available in the Hong Kong Public Offering, representing approximately 10% of the Offer Shares initially available under the Global Offering;

in the event that the International Offer Shares are fully subscribed or over-subscribed:

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International

Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 6,680,200 Offer Shares, representing approximately 30% of the Offer Shares initially available under the Global Offering;

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 8,907,000 Offer Shares, representing approximately 40% of the Offer Shares initially available under the Global Offering;

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more than the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 11,133,600 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Representatives (for themselves and on behalf of the Underwriters). Subject to the foregoing paragraph, the Joint Representatives may in their discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In addition, if the Hong Kong Public Offering is not fully subscribed for, the Joint Representatives (for themselves and on behalf of the Underwriters) have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Representatives deem appropriate.

In addition to any Mandatory Reallocation which may be required, the Joint Representatives (for themselves and on behalf of the Underwriters) may, at its discretion, reallocate Offer Shares initially allocated for the International Offering to the Hong Kong Public Offering to satisfy valid applications in pool A and pool B under the Hong Kong Public Offering.

In the event that (i) the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times; or (ii) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are fully subscribed or over-subscribed as to less than 15 times of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering, the Joint Representatives 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, in accordance with the Guidance Letter HKEX-GL91-18 issued by the Stock Exchange, the Offer Price would be set at HK$75.10 (low-end of the indicative Offer Price range), and certain Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offer would not exceed 4,453,600 Offer Shares, representing approximately 20% of the number of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option).

Details of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the results announcement of the Global Offering, which is expected to be published on Thursday, November 4, 2021.

Applications

Each applicant under the Hong Kong Public Offering will 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 has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering. Such applicant's application is liable to be rejected if such undertaking and/or confirmation is/are breached and/or untrue (as the case may be) or if he/she/it has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK$81.30 per Offer Share in addition to the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK$8,211.93 for one board lot of 100 H Shares. If the Offer Price, as finally determined in the manner described in the sub-section headed "Pricing and Allocation" in this section below, is less than the maximum Offer Price of HK$81.30 per Offer Share, appropriate refund payments (including the brokerage, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

THE INTERNATIONAL OFFERING

Number of Offer Shares initially offered

The International Offering will consist of an offering of initially 20,040,400 H Shares, representing approximately 90% of the total number of Offer Shares initially available under the Global Offering (subject to reallocation and the Over-allotment Option). The number of Offer Shares initially offered under the International Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 19.35% of the total Shares in issue immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Allocation

The International Offering will include selective marketing of Offer Shares to QIBs in the United States in accordance with Rule 144A as well as institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in sub-section headed "Pricing and Allocation" in this section 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 H Shares and/or hold or sell its H Shares after the Listing. Such allocation is intended to result in a distribution of the H Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Group and the Shareholders as a whole.

The Joint Representatives (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Representatives so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allocation of 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 arrangement described in the subsection "The Hong Kong Public Offering — Reallocation" in this section above, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, our Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Representatives (on behalf of the International Underwriters). Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Joint Representatives (on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require our Company to issue up to an aggregate of 3,340,000 additional H Shares, representing not more than 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering to, cover over-allocations (if any) in the International Offering.

If the Over-allotment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 3.12% of the total Shares in issue immediately following the completion of the Global Offering and the issue of Offer Shares pursuant to the Over-allotment Option. If the Over-allotment Option is exercised, an announcement will be made.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilization Manager (or its affiliates or any person acting for it), on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of the H Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilization Manager (or its affiliates or any person acting for it) to conduct any such

stabilizing action. Such stabilizing action, if taken, (a) will be conducted at the absolute discretion of the Stabilization Manager (or its affiliates or any person acting for it) and in what the Stabilization Manager reasonably regards as the best interest of our Company, (b) may be discontinued at any time and (c) is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering.

Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO includes (a) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the H Shares, (b) selling or agreeing to sell the H Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the H Shares, (c) purchasing, or agreeing to purchase, the H Shares pursuant to the Over-allotment Option in order to close out any position established under paragraph (a) or (b) above, (d) purchasing, or agreeing to purchase, any of the H Shares for the sole purpose of preventing or minimizing any reduction in the market price of the H Shares, (e) selling or agreeing to sell any H Shares in order to liquidate any position established as a result of those purchases and (f) offering or attempting to do anything as described in paragraph (b), (c), (d) or (e) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

(a) the Stabilization Manager (or its affiliates or any person acting for it) may, in connection with the stabilizing action, maintain a long position in the H Shares;

(b) there is no certainty as to the extent to which and the time or period for which the Stabilization Manager (or its affiliates or any person acting for it) will maintain such a long position;

(c) liquidation of any such long position by the Stabilization Manager (or its affiliates or any person acting for it) and selling in the open market may have an adverse impact on the market price of the H Shares;

(d) no stabilizing action can be taken to support the price of the H Shares for longer than the stabilization period, which will begin on the Listing Date, and is expected to expire on the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the H Shares, and therefore the price of the H Shares, could fall;

(e) the price of the H Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and

(f) stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilization period.

Over-Allocation

Following any over-allocation of H Shares in connection with the Global Offering, the Stabilization Manager (or its affiliates or any person acting for it) may cover such over-allocations by exercising the Over-allotment Option in full or in part, by using H Shares purchased by the Stabilization Manager (or its affiliates or any person acting for it) in the secondary market at prices that do not exceed the Offer Price, or by a combination of these methods.

PRICING AND ALLOCATION

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or about Friday, October 29, 2021 and, in any event, no later than Monday, November 1, 2021, by agreement between the Joint Representatives (on behalf of the Underwriters) and our 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$81.30 per Offer Share and is expected to be not less than HK$75.10 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$81.30 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, amounting to a total of HK$8,211.93 for one board lot of 100 H Shares. **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 minimum Offer Price stated in this prospectus**.

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of 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 about, the last day for lodging applications under the Hong Kong Public Offering.

The Joint Representatives (on behalf of the Underwriters) may, where they deem appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with the consent of our Company, reduce the number of Offer Shares offered and/or the Offer Price Range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the websites of our Company and the Stock Exchange at **www.airdoc.com** and **www.hkexnews.hk**, respectively, notices of the reduction. Upon the issue of such a notice, the revised number of Offer Shares and/or the Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Representatives (on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price Range. If the number of Offer Shares and/or the Offer Price Range is so reduced, all applicants who have already submitted an application will be entitled to withdraw their applications and will need to confirm their applications in accordance with the procedures set out in the supplemental prospectus. Supplemental listing documents will also be issued by the Company in the event of a reduction in the number of Offer Shares or the Offer Price. Such supplemental listing documents will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares and/or the Offer Price will not be reduced. Failure to confirm within the prescribed time will lead to the application being lapsed and all unconfirmed applications will not be valid.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Joint Representatives (on behalf of the Underwriters) and our Company, will under no circumstances be set outside the Offer Price Range as stated in this prospectus.

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in the section headed "How to Apply for Hong Kong Offer Shares — (D) Publication of Results" in this prospectus.

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to, among other things, the Joint Representatives (on behalf of the Underwriters) and our Company agreeing on the Offer Price.

Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date. These underwriting arrangements, including the Underwriting Agreements, are summarized in the section headed "Underwriting" in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

(a) the Listing Committee granting approval for the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including any additional H Shares that may be issued pursuant to the exercise of the Over-allotment Option) on the Main Board of the Stock Exchange and such approval and permission not subsequently having been withdrawn or revoked prior to the Listing Date;

(b) the Offer Price having been agreed between the Joint Representatives (on behalf of the Underwriters) and our Company;

(c) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and

(d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between the Joint Representatives (on behalf of the Underwriters) and our Company on or before Monday, November 1, 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 dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company on the websites of our Company and the Stock Exchange at **www.airdoc.com** and **www.hkexnews.hk**, respectively, on the next day following such lapse. In such a situation, 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 — (F) Refund of Application Monies" in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

H Share certificates for the Offer Shares will only become valid at 8:00 a.m. on Friday, November 5, 2021, provided that the Global Offering has become unconditional in all respects at or before that time.

DEALINGS IN THE H SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, November 5, 2021, it is expected that dealings in the H Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, November 5, 2021.

The H Shares will be traded in board lots of 100 H Shares each and the stock code of the H Shares will be 2251.

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

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

(1) apply online via the **HK eIPO White Form** service in the **IPO App** (which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**) or at **www.hkeipo.hk**; or

(2) apply through 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 H Share Registrar, Tricor Investor Services Limited, at +852 3907 7333 on the following dates:

Tuesday, October 26, 2021 — 9:00 a.m. to 6:00 p.m.
Wednesday, October 27, 2021 — 9:00 a.m. to 6:00 p.m.
Thursday, October 28, 2021 — 9:00 a.m. to 6:00 p.m.
Friday, October 29, 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 (Chapter 32 of the laws of Hong Kong).

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" in this prospectus for further details of the procedures through which you can apply for the Hong Kong Offer Shares electronically.

(A) APPLICATIONS FOR HONG KONG OFFER SHARES

1. How to Apply

We will not provide any printed application forms for use by the public.

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

(1) apply online via the **HK eIPO White Form** service in the **IPO App** (which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**) or at **www.hkeipo.hk**; or

(2) apply through 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 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.

Our Company, the Joint Representatives, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application, in full or in part, for any reason at their discretion.

2. Who Can Apply

You can apply for Hong Kong Offer Shares if you or any person(s) for whose benefit you are applying:

- are 18 years of age or older;
- are outside the United States (within the meaning of Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S; and
- are not a PRC legal or natural person.

If you apply for Hong Kong Offer Shares online through the **HK eIPO White Form** service, in addition to the above, you must also:

- have a valid Hong Kong identity card number/passport number (for individual applicant) or Hong Kong business registration number/certificate of incorporation number (for body corporate applicant);
- have a Hong Kong address; and
- provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names.

The number of joint applicants may not exceed four.

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.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if:

- you are an existing beneficial owner of Shares and/or a substantial shareholder of any of our Company's subsidiaries;

- you are a director, supervisor or chief executive of our Company and/or any of our Company's subsidiaries;

- you are a close associate of any of the above persons; or

- you have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

3. Terms and Conditions of an Application

By applying through the application channels specified in this prospectus, among other things, you:

(a) undertake to execute all relevant documents and instruct and authorize our Company and/or the Joint Representatives (or their agents or nominees), as agents of our 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;

(b) agree to comply with the Articles of Association, Companies (Winding Up and Miscellaneous Provisions) Ordinance and PRC Company Law and the Special Regulations;

(c) confirm that you have read the terms and conditions and application procedures set out in this prospectus, and agree to be bound by them;

(d) confirm that you have received and read this prospectus and have relied only on the information and representations 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;

(e) confirm that you are aware of the restrictions on the Global Offering set out in this prospectus;

(f) agree that none of our Company, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their or our Company's respective directors, officers, employees, agents or representatives and any other parties involved in the Global Offering (the "**Relevant**

Persons") and the **HK eIPO White Form** Service Provider is or will be liable for any information and representations not in this prospectus (and any supplement to this prospectus);

(g) 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 International Offer Shares nor participated in the International Offering;

(h) agree to disclose to our Company, the H Share Registrar, the receiving bank and the Relevant Persons any personal data which any of them may require about you and the person(s) for whose benefit you have made the application;

(i) 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 neither our Company nor the Relevant Persons will breach any laws 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 in this prospectus;

(j) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(k) agree that your application will be governed by the laws of Hong Kong;

(l) 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 (within the meaning of Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(m) warrant that the information you have provided is true and accurate;

(n) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(o) authorize (i) our Company to place your name(s) or the name of HKSCC Nominees on the register of members of our Company as the holder(s) of any Hong Kong Offer Shares allocated to you and such other registers as required under the Articles of Association and (ii) our Company and/or its agents to send any H Share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund check(s) to you or the

first-named applicant for joint applications by ordinary post at your own risk to the address stated on the application, unless you have fulfilled the criteria mentioned in "— Personal Collection" below to collect the H Share certificate(s) and/or refund check(s) in person;

(p) 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;

(q) understand that the Joint Representatives may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering and in accordance with Guidance Letter HKEX-GL91-18 issued by the Stock Exchange, if such reallocation is done other than pursuant to Practice Note 18 of the Listing Rules, the maximum total number of Offer Shares that may be reallocated to the Hong Kong Public Offering following such reallocation shall be not more than double the initial allocation to the Hong Kong Public Offering (i.e. 4,453,600 Offer Shares). Further details of the reallocation are stated in the paragraph headed "Structure of the Global Offering" in this prospectus;

(r) understand that our Company, the Directors and the Joint Representatives will rely on your declarations and representations in deciding whether or not to allocate any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(s) (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 through the **HK eIPO White Form** service by you or by any one as your agent or by any other person; and

(t) (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 or to the **HK eIPO White Form** Service Provider and (ii) you have due authority to give electronic application instructions on behalf of that other person as its agent.

4. Minimum Application Amount and Permitted Numbers

Your application through the **HK eIPO White Form** service or the **CCASS EIPO** service must be for a minimum of 100 Hong Kong Offer Shares and in one of the numbers set out in the table below. You are required to pay the amount next to the number you select.

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$
100	8,211.93	2,500	205,298.15	30,000	2,463,577.80	600,000	49,271,556.06
200	16,423.85	3,000	246,357.79	40,000	3,284,770.40	700,000	57,483,482.07
300	24,635.78	3,500	287,417.41	50,000	4,105,963.01	800,000	65,695,408.08
400	32,847.71	4,000	328,477.04	60,000	4,927,155.61	900,000	73,907,334.09
500	41,059.63	4,500	369,536.67	70,000	5,748,348.21	1,000,000	82,119,260.10
600	49,271.56	5,000	410,596.31	80,000	6,569,540.81	1,113,400(1)	91,431,584.19
700	57,483.49	6,000	492,715.56	90,000	7,390,733.41		
800	65,695.41	7,000	574,834.83	100,000	8,211,926.01		
900	73,907.34	8,000	656,954.08	200,000	16,423,852.02		
1,000	82,119.27	9,000	739,073.35	300,000	24,635,778.03		
1,500	123,178.89	10,000	821,192.60	400,000	32,847,704.04		
2,000	164,238.52	20,000	1,642,385.20	500,000	41,059,630.05		

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

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

5. Applying Through the HK eIPO White Form Service

General

Applicants who meet the criteria in "— A. Applications for Hong Kong Offer Shares — 2. Who Can Apply" above may apply through the **HK eIPO White Form** service for the Offer Shares to be allocated and registered in their own names through the **IPO App** or the designated website at **www.hkeipo.hk**.

Detailed instructions for application through the **HK eIPO White Form** service are set out in the **IPO App** or on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the **IPO App** or the designated website, you authorize the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

If you have any questions on how to apply through the **HK eIPO White Form** service for the Hong Kong Offer Shares, please contact the telephone enquiry line of the H Share Registrar at +852 3907 7333 which is available on the following dates:

Tuesday, October 26, 2021 — 9:00 a.m. to 6:00 p.m.
Wednesday, October 27, 2021 — 9:00 a.m. to 6:00 p.m.
Thursday, October 28, 2021 — 9:00 a.m. to 6:00 p.m.
Friday, October 29, 2021 — 9:00 a.m. to 12:00 noon

Time for Submitting Applications under the HK eIPO White Form Service

You may submit your application through the **HK eIPO White Form** service in the **IPO App** or on the designated website at **www.hkeipo.hk** (24 hours daily, except on the last day for applications) from 9:00 a.m. on Tuesday, October 26, 2021 until 11:30 a.m. on Friday, October 29, 2021 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, October 29, 2021, the last day for applications, or such later time as described in the paragraph headed "— (C) Effect of Bad Weather and/or Extreme Conditions on the Opening and Closing of the Application Lists" in this section below.

No Multiple Applications

If you apply by means of the **HK eIPO White Form** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application will be deemed to have been made. For the avoidance of doubt, giving an **electronic**

application instruction under the **HK eIPO White Form** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

Only one application may be made for the benefit of any person. If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant 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).

6. Applying Through the CCASS EIPO Service

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square
8 Connaught Place, Central
Hong Kong

and complete an input request form.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Joint Representatives and the H Share Registrar.

Applying through the CCASS EIPO Service

Where you have applied through the **CCASS EIPO** service (either indirectly through a broker or custodian or directly) and an application is made by HKSCC Nominees on your behalf:

(a) 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; and

(b) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allocated shall be registered 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, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares nor participated in 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 its agent;

- confirm that you understand that our Company, the Directors and the Joint Representatives will rely on your declarations and representations in deciding whether or not to allocate any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

- authorize our Company to place HKSCC Nominees' name on the H Share register of our Company as the holder of the Hong Kong Offer Shares allocated to you and such other registers as required under the Articles of Association, and dispatch H Share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between our Company and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and 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 and will not rely on any other information or representations, except those in any supplement to this prospectus;

- agree that neither our Company nor the Relevant Persons is or will be liable for any information and representations not in this prospectus (and any supplement to this prospectus);

- agree to disclose to our Company, the H Share Registrar, the receiving banks and the Relevant Persons any personal data which they may require about you;

- 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 on or 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), such agreement to take effect as a collateral contract with our Company, and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person on or 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), except by means of one of the procedures referred to in this prospectus. However, HKSCC

Nominees may revoke the application on or 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 announcement of the results of the Hong Kong Public Offering by our Company;

- 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 giving **electronic application instructions** to apply for Hong Kong Offer Shares;

- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for our Company and on behalf of each Shareholder, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Articles of Association, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the PRC Company Law and the Special Regulations;

- agree with our Company, for itself and for the benefit of each Shareholder and each Director, supervisor, manager and other senior officer of our Company (and so that our Company will be deemed by its acceptance in whole or in part of this application to have agreed, for itself and on behalf of each Shareholder and each Director, supervisor, manager and other senior officer of our Company, with each CCASS Participant giving **electronic application instructions**):

  (a) to refer all differences and claims arising from the Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning the affairs of our Company to arbitration in accordance with the Articles of Association;

  (b) that any award made in such arbitration shall be final and conclusive; and

(c) that the arbitration tribunal may conduct hearings in open sessions and publish its award;

- agree with our Company (for our Company itself and for the benefit of each Shareholder) that H Shares in our Company are freely transferable by their holders;

- authorize our Company to enter into a contract on its behalf with each Director and officer of our Company whereby each such Director and officer undertakes to observe and comply with his obligations to shareholders stipulated in the Articles of Association; and

- agree that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

Effect of Applying through the CCASS EIPO Service

By applying through the **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 will be liable to our 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 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 initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and 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:

- Tuesday, October 26, 2021 — 9:00 a.m. to 8:30 p.m.
- Wednesday, October 27, 2021 — 8:00 a.m. to 8:30 p.m.
- Thursday, October 28, 2021 — 8:00 a.m. to 8:30 p.m.
- Friday, October 29, 2021 — 8:00 a.m. to 12:00 noon

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Tuesday, October 26, 2021 until 12:00 noon on Friday, October 29, 2021 (24 hours daily, except on Friday, October 29, 2021, the last day for applications).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Friday, October 29, 2021, the last day for applications or such later time as described in "— (C) Effect of Bad Weather and/or Extreme Conditions on the Opening and Closing of the Application Lists" in this section below.

Note:

(1) The times in this sub-section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

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 will be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

The H Share Registrar would record all applications into its system and identify suspected multiple applications with identical names, identification document numbers and reference numbers according to the Best Practice Note on Treatment of Multiple/Suspected Multiple Applications ("**Best Practice Note**") issued by the Federation of Share Registrars Limited.

With regard to the announcement of results of allocations under the section headed "Results of Applications Made by Giving Electronic Application Instructions to HKSCC via CCASS", the list of identification document number(s) may not be a complete list of successful applicants, only successful applicants whose identification document numbers are provided to HKSCC by CCASS Participants are disclosed. Applicants who applied for the Offer Shares through their brokers can consult their brokers to enquire about their application results.

Since applications are subject to personal information collection statements, beneficial owner identification codes displayed are redacted. Applicants with beneficial names only but not identification document numbers are not disclosed due to personal privacy issue.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (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 H Share Registrar, the receiving bank, the Joint Representatives, the Underwriters and any of their respective advisors and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. By applying through the **CCASS EIPO** service or the **HK eIPO White Form** service, you agree to all of the terms of the Personal Information Collection Statement below.

Personal Information Collection Statement

This Personal Information Collection Statement informs applicant for, and holder of, the Hong Kong Offer Shares, of the policies and practices of the Company and its H Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

Reasons for the Collection of Your Personal Data

It is necessary for applicants and registered holders of the Hong Kong Offer Shares to supply correct personal data to the Company or its agents and the H Share Registrar when applying for the Hong Kong Offer Shares or transferring the Hong Kong Offer Shares into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data may result in your application for the Hong Kong Offer Shares being rejected, or in delay or the inability of the Company or its H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of the Hong Kong Offer Shares which you have successfully applied for and/or the dispatch of H Share certificate(s) to which you are entitled.

It is important that the holders of the Hong Kong Offer Shares inform the Company and the H Share Registrar immediately of any inaccuracies in the personal data supplied.

Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund check or e-Auto Refund payment instruction, where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of the Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the Company's Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the Company's Register of Members;
- verifying identities of the holders of the Company's Shares;
- establishing benefit entitlements of holders of the Company's Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;

- compiling statistical information and profiles of the holder of the Company's Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the H Share Registrar to discharge their obligations to holders of the Company's H Shares and/or regulators and/or any other purposes to which the securities' holders may from time to time agree.

Transfer of Personal Data

Personal data held by the Company and its H Share Registrar relating to the holders of the Hong Kong Offer Shares will be kept confidential but the Company and its H Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial 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 H 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 H Share Registrar will keep the personal data of the applicants and holders of the Hong Kong Offer Shares for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

Access to and Correction of Personal Data

Holders of the Hong Kong Offer Shares have the right to ascertain whether the Company or the H Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the H Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company, at the Company's registered address disclosed in the section headed "Corporate Information" in this prospectus or as notified from time to time, for the attention of the secretary, or the Company's H Share Registrar for the attention of the privacy compliance officer.

7. Warning for Electronic Applications

The application for Hong Kong Offer Shares through the **CCASS EIPO** service is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **HK eIPO White Form** service is only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day for applications to make your electronic application. Our Company, the Relevant Persons and the **HK eIPO White Form** Service Provider take no responsibility for such applications and provide no assurance that any CCASS Participant applying through the **CCASS EIPO** service or person applying through the **HK eIPO White Form** service will be allocated 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 connecting to the CCASS Phone System or the CCASS Internet System for submission of their **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 Friday, October 29, 2021, the last day for applications, or such later time as described in the paragraph headed "— (C) Effect of Bad Weather and/or Extreme Conditions on the Opening and Closing of the Application Lists" in this section below.

8. How Many Applications Can You Make

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee and apply through the **HK eIPO White Form** service, in the box marked "For Nominees", you must include an account number or some other identification code for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner when you fill in the application details. If you do not include this information, the application will be treated as being made for your own benefit.

All of your applications will be rejected if more than one application through the **CCASS EIPO** service (directly or indirectly through your broker or custodian) or through the **HK eIPO White Form** service is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**).

If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being made for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

(B) HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum Offer Price is HK$81.30 per Offer Share. You must also pay brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%. This means that for one board lot of 100 Hong Kong Offer Shares, you will pay HK$8,211.93.

You must pay the maximum Offer Price, together with brokerage, SFC transaction levy and Stock Exchange trading fee, in full upon application for Hong Kong Offer Shares.

You may submit an application through the **HK eIPO White Form** service or the **CCASS EIPO** service in respect of a minimum of 100 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 100 Hong Kong Offer Shares must be in one of the numbers set out in the table in "4. Minimum Application Amount and Permitted Numbers" in this section, or as otherwise specified in the **IPO App** or on the designated website at **www.hkeipo.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules), and the SFC transaction levy and the Stock Exchange trading fee will be 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 and Allocation" in this prospectus.

(C) EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE OPENING AND CLOSING OF THE APPLICATION LISTS

The application lists will not open or close if there is/are:

- a tropical cyclone warning signal number 8 or above;
- a "black" rainstorm warning; and/or
- Extreme Conditions,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, October 29, 2021. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have any of those warnings and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, October 29, 2021 or if there is/are a tropical cyclone warning signal number 8 or above, a "black" rainstorm warning signal and/or Extreme Conditions in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made.

(D) PUBLICATION OF RESULTS

Our Company expects to announce 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 allocations of the Hong Kong Offer Shares on Thursday, November 4, 2021 on the websites of our Company at **www.airdoc.com** and the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration/certificate of incorporation numbers of successful applicants under the Hong Kong Public Offering will be available at the times and dates and in the manner set out below:

- in the announcement to be posted on the websites of our Company and the Stock Exchange at **www.airdoc.com** and **www.hkexnews.hk**, respectively, by no later than 9:00 a.m. on Thursday, November 4, 2021;

- from "IPO Results" function in the **IPO App** or the designated results of allocations website at **www.tricor.com.hk/ipo/result** or **www.hkeipo.hk/IPOResult** with a "search by ID function" on a 24 hour basis from 8:00 a.m. on Thursday, November 4, 2021 to 12:00 midnight on Wednesday, November 10, 2021; and

- from the allocation results telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from Thursday, November 4, 2021 to Tuesday, November 9, 2021 (excluding Saturday, Sunday and public holiday in Hong Kong).

If our 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 set out in the section "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.

(E) 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 allocated to you:

(a) If your application is revoked:

By applying through the **CCASS EIPO** service or the **HK eIPO White Form** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our 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 for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) in the following circumstances:

(i) 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; or

(ii) if any supplement to this prospectus is issued, in which case 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.

(b) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Joint Representatives, the **HK eIPO White Form** Service Provider and their respective agents or nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(c) If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Listing Committee does not grant permission to list the H Shares either:

- within three weeks from the closing date of the applications lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(d) If:

- you make multiple applications or are suspected of making multiple applications;
- you or the person for whose benefit you apply for, have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your payment is not made correctly;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions in the **IPO App** or on the designated website at **www.hkeipo.hk**;
- you apply for more than 1,113,400 Hong Kong Offer Shares, being 50% of the 2,226,800 Hong Kong Offer Shares initially available under the Hong Kong Public Offering;
- our Company or the Joint Representatives believe that by accepting your application, they would violate applicable securities or other laws, rules or regulations; or
- the Underwriting Agreements do not become unconditional or are terminated.

(F) 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 Stock Exchange trading fee payable thereon) paid on application, or if the conditions of the Global Offering as set out in the section headed "Structure of the Global Offering — Conditions of the Global Offering" in this prospectus are not satisfied or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and Stock Exchange trading fee, will be refunded, without interest.

Any refund of your application monies will be made on or before Thursday, November 4, 2021.

(G) DISPATCH/COLLECTION OF H SHARE CERTIFICATES/e-AUTO REFUND PAYMENT INSTRUCTIONS/REFUND CHECKS

You will receive one H Share certificate for all Hong Kong Offer Shares allocated to you under the Hong Kong Public Offering (except by **electronic application instructions** to HKSCC via CCASS where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Offer Shares. No receipt will be issued for sums paid on application.

Subject to arrangement on dispatch/collection of H Share certificates and refund checks as mentioned below, any refund checks and H Share certificate(s) are expected to be posted on or before Thursday, November 4, 2021. The right is reserved to retain any H Share certificate(s) and any surplus application monies pending clearance of check(s) or banker's cashier order(s).

H Share certificates will only become valid at 8:00 a.m. on Friday, November 5, 2021, provided that the Global Offering has become unconditional in all respects at or before that time. Investors who trade H Shares on the basis of publicly available allocation details or prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid do so entirely at their own risk.

Personal Collection

(a) If you apply through the HK eIPO White Form service:

- If you apply for 1,000,000 Hong Kong Offer Shares or more through the **HK eIPO White Form** service and your application is wholly or partially successful, you may collect your H Share certificate(s) (where applicable) in person from the H Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, November 4, 2021, or any other place or date notified by our Company in the newspapers as the date of dispatch or collection of H Share certificates.

- If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar.

- If you do not personally collect your H Share certificate(s) within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post and at your own risk.

- If you apply for less than 1,000,000 Hong Kong Offer Shares through the **HK eIPO White Form** service, your H Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Thursday, November 4, 2021 by ordinary post and at your own risk.

- If you apply and pay the application monies from a single bank account, any refund monies will be dispatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be dispatched to the address as specified in your application instructions in the form of refund check(s) in favour of the applicant (or, in the case of joint applications, the first-named applicant) by ordinary post and at your own risk.

(b) If you apply through the CCASS EIPO service:

Allocation of Hong Kong Offer Shares

- For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of H Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your H 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 Thursday, November 4, 2021, or, on any other date determined by HKSCC or HKSCC Nominees.

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card/passport/Hong Kong business registration number or other identification code (Hong Kong business registration number for corporations) and the basis of allocations of the Hong Kong Offer Shares in the manner as described in "— (D) Publication of Results" above on Thursday, November 4, 2021. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, November 4, 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 allocated 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 allocated 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 Thursday, November 4, 2021. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of the 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 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 Thursday, November 4, 2021.

(H) ADMISSION OF THE H SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares and our Company complies with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Stock Exchange or 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 arrangements as such arrangements may affect their rights and interests.

All necessary arrangements have been made to enable the H Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-85, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BEIJING AIRDOC TECHNOLOGY CO., LTD., UBS SECURITIES HONG KONG LIMITED AND CLSA CAPITAL MARKETS LIMITED

INTRODUCTION

We report on the historical financial information of Beijing Airdoc Technology Co., Ltd. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-5 to I-85, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2019 and 2020 and 30 June 2021, and the consolidated statements of profit or loss, 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, for each of the year ended 31 December 2019 and 2020 and the six months ended 30 June 2021 (the "**Relevant Periods**"), and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-5 to I-85 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 26 October 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.

DIRECTORS' RESPONSIBILITY FOR HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 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 Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at 31 December 2019 and 2020 and 30 June 2021, and of the Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

REVIEW OF STUB PERIOD CORRESPONDING FINANCIAL INFORMATION

We have reviewed the stub period corresponding financial information of the Group which comprises the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30 June 2020 and other explanatory information (the "**Stub Period Corresponding Financial Information**"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding 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 enquiries, 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 Corresponding Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED 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 24(b) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
26 October 2021

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 Relevant Periods, on which the Historical Financial Information is based, were audited by KPMG Huazhen LLP in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand yuan (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(Expressed in RMB)

		Year ended 31 December		Six months ended 30 June	
		2019	2020	2020	2021
	Note	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue	*4*	30,415	47,672	6,511	49,477
Cost of sales		(14,308)	(18,585)	(8,000)	(17,774)
Gross profit/(Loss)		16,107	29,087	(1,489)	31,703
Other income	*5*	6,145	5,012	2,658	4,063
Research and development expenses		(41,212)	(42,309)	(17,228)	(24,005)
Selling expenses		(13,132)	(25,801)	(8,832)	(23,602)
Administrative expenses		(14,049)	(17,902)	(7,460)	(25,211)
Loss from operations		(46,141)	(51,913)	(32,351)	(37,052)
Finance costs	*6(a)*	(46)	(22)	(9)	(102)
Changes in the carrying amount of financial instruments issued to investors	*22*	(40,945)	(27,316)	(16,300)	—
Loss before taxation	*6*	(87,132)	(79,251)	(48,660)	(37,154)
Income tax	*7(a)*	(7)	(375)	(115)	(336)
Loss for the year/period		(87,139)	(79,626)	(48,775)	(37,490)
Attributable to:					
Equity shareholders of the Company		(87,138)	(80,064)	(49,523)	(37,597)
Non-controlling interests		(1)	438	748	107
Loss for the year/period		(87,139)	(79,626)	(48,775)	(37,490)
Loss per share	*10*				
Basic and diluted (RMB)		(1.66)	(1.36)	(0.89)	(0.50)

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in RMB)

	Year ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Loss for the year/period	(87,139)	(79,626)	(48,775)	(37,490)
Other comprehensive income for the year/period, net of nil tax				
Item that will not be reclassified to profit or loss:				
Equity investments at FVOCI — net movement in fair value reserves (non-recycling)	—	1,607	—	—
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of financial statements of foreign subsidiaries	387	(112)	(33)	42
Other comprehensive income for the year/period	387	1,495	(33)	42
Total comprehensive income for the year/period	(86,752)	(78,131)	(48,808)	(37,448)
Attributable to:				
Equity shareholders of the Company	(86,751)	(78,569)	(49,556)	(37,555)
Non-controlling interests	(1)	438	748	107
Total comprehensive income for the year/period	(86,752)	(78,131)	(48,808)	(37,448)

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in RMB)

	Note	As at 31 December 2019	As at 31 December 2020	As at 30 June 2021
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	*11*	6,230	23,247	35,300
Other financial assets	*12*	—	3,607	3,607
		6,230	26,854	38,907
Current assets				
Inventories	*13*	—	3,559	3,451
Trade receivables	*14*	16,512	19,545	25,857
Deposits, prepayments and other receivables	*15*	40,880	11,097	33,167
Cash and cash equivalents	*16*	85,336	374,698	575,285
Other financial assets	*12*	90,411	—	—
		233,139	408,899	637,760
Current liabilities				
Trade and other payables	*17*	21,771	16,665	28,914
Contract liabilities	*18*	6,136	7,332	8,112
Lease liabilities	*19*	519	519	3,325
Current taxation		7	382	716
Financial instruments issued to investors	*22*	368,038	—	—
		396,471	24,898	41,067
Net current (liabilities)/assets		(163,332)	384,001	596,693
Total assets less current liabilities		(157,102)	410,855	635,600

The accompanying notes form part of the Historical Financial Information.

	Note	As at 31 December 2019	As at 31 December 2020	As at 30 June 2021
		RMB'000	*RMB'000*	*RMB'000*
Non-current liabilities				
Lease liabilities	*19*	—	—	1,722
Deferred income	*21*	2,242	2,405	2,405
		2,242	2,405	4,127
Net (liabilities)/assets		(159,344)	408,450	631,473
Capital and reserves				
Issued capital	*24(a)*	11,888	75,000	78,981
Reserves		(171,255)	333,212	552,492
Total (deficit)/equity attributable to equity shareholders of the Company		(159,367)	408,212	631,473
Non-controlling interests		23	238	—
Total (deficit)/equity		(159,344)	408,450	631,473

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in RMB)

	Note	As at 31 December 2019	As at 31 December 2020	As at 30 June 2021
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment		1,684	1,447	9,810
Investment in subsidiaries	*29*	15,106	15,064	27,011
		16,790	16,511	36,821
Current assets				
Trade receivables		4,837	8,510	20,871
Deposits, prepayments and other receivables	*15*	28,129	23,205	102,581
Cash and cash equivalents	*16*	79,009	366,425	494,545
Other financial assets	*12*	90,411	—	—
		202,386	398,140	617,997
Current liabilities				
Trade and other payables		7,220	8,160	25,565
Contract liabilities		—	75	266
Lease liabilities		—	—	3,193
Financial instruments issued to investors	*22*	368,038	—	—
		375,258	8,235	29,024
Net current (liabilities)/assets		(172,872)	389,905	588,973
Total assets less current liabilities		(156,082)	406,416	625,794
Non-current liabilities				
Lease liabilities		—	—	1,722
Deferred income		642	805	805
		642	805	2,527
Net (liabilities)/assets		(156,724)	405,611	623,267
Capital and reserves				
Issued capital	*24(a)*	11,888	75,000	78,981
Reserves		(168,612)	330,611	544,286
Total (deficit)/equity		(156,724)	405,611	623,267

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in RMB)

	Attributable to equity shareholders of the Company									
	Issued capital									
	Paid-in capital	Share capital	Share premium	Exchange reserve	Fair value reserve (non-recycling)	Other reserve	Accumulated losses	Total	Non-controlling interests	Total deficit
	RMB'000 (Note 24(c)(i))	*RMB'000 (Note 24(c)(ii))*	*RMB'000 (Note 24(d)(ii))*	*RMB'000 (Note 24(d)(iii))*	*RMB'000 (Note 24(d)(iv))*	*RMB'000 (Note 24(d)(i))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2019	7,393	—	—	—	—	(8,251)	(89,736)	(90,594)	24	(90,570)
Changes in equity for 2019:										
Loss for the year	—	—	—	—	—	—	(87,138)	(87,138)	(1)	(87,139)
Other comprehensive income	—	—	—	387	—	—	—	387	—	387
Total comprehensive income	—	—	—	387	—	—	(87,138)	(86,751)	(1)	(86,752)
Paid in capital contributions from shareholders	3,571	—	—	—	—	—	—	3,571	—	3,571
Issuance of financial instruments to investors *(Note 22)*	924	—	—	—	—	59,076	—	60,000	—	60,000
Recognition of financial instruments issued to investors as current liabilities *(Note 22)*	—	—	—	—	—	(60,000)	—	(60,000)	—	(60,000)
Reclassification of financial instruments issued to investors as equity *(Note 22)*	—	—	—	—	—	11,679	—	11,679	—	11,679
Equity-settled share-based transactions	—	—	—	—	—	2,728	—	2,728	—	2,728
	4,495	—	—	—	—	13,483	—	17,978	—	17,978
At 31 December 2019	11,888	—	—	387	—	5,232	(176,874)	(159,367)	23	(159,344)

The accompanying notes form part of the Historical Financial Information.

	Attributable to equity shareholders of the Company									
	Issued capital									
	Paid-in capital	Share capital	Share premium	Exchange reserve	Fair value reserve (non-recycling)	Other reserve	Accumulated losses	Total	Non-controlling interests	Total (deficit)/ equity
	RMB'000 (Note 24(c)(i))	*RMB'000 (Note 24(c)(ii))*	*RMB'000 (Note 24(d)(ii))*	*RMB'000 (Note 24(d)(iii))*	*RMB'000 (Note 24(d)(iv))*	*RMB'000 (Note 24(d)(i))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2020	11,888	—	—	387	—	5,232	(176,874)	(159,367)	23	(159,344)
Changes in equity for 2020:										
Loss for the year	—	—	—	—	—	—	(80,064)	(80,064)	438	(79,626)
Other comprehensive income	—	—	—	(112)	1,607	—	—	1,495	—	1,495
Total comprehensive income	—	—	—	(112)	1,607	—	(80,064)	(78,569)	438	(78,131)
Paid in capital contributions from shareholders	2,933	—	—	—	—	—	—	2,933	—	2,933
Issuance of financial instruments to investors *(Note 22)*	889	—	—	—	—	177,696	—	178,585	—	178,585
Recognition of financial instruments issued to investors as current liabilities *(Note 22)*	—	—	—	—	—	(180,000)	—	(180,000)	—	(180,000)
Reclassification of financial instruments issued to investors as equity *(Note 22)*	—	—	—	—	—	575,354	—	575,354	—	575,354
Conversion into a joint stock company with limited liability *(Note 24(c))*	(15,710)	15,710	331,417	—	—	(565,431)	234,014	—	—	—
Issuance of ordinary shares *(Note 24(c))*	—	296	57,922	—	—	—	—	58,218	—	58,218
Capitalisation issue *(Note 24(c))*	—	58,994	(58,994)	—	—	—	—	—	—	—
Acquisition of non-controlling interests *(Note 28)*	—	—	—	—	—	—	—	—	(223)	(223)
Equity-settled share-based transactions	—	—	—	—	—	11,058	—	11,058	—	11,058
	(11,888)	75,000	330,345	—	—	18,677	234,014	646,148	(223)	645,925
At 31 December 2020	—	75,000	330,345	275	1,607	23,909	(22,924)	408,212	238	408,450

The accompanying notes form part of the Historical Financial Information.

	Attributable to equity shareholders of the Company									
	Issued capital									
	Paid-in capital	Share capital	Share premium	Exchange reserve	Fair value reserve (non-recycling)	Other reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000 (Note 24(c)(i))	*RMB'000 (Note 24(c)(ii))*	*RMB'000 (Note 24(d)(ii))*	*RMB'000 (Note 24(d)(iii))*	*RMB'000 (Note 24(d)(iv))*	*RMB'000 (Note 24(d)(i))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2021	—	75,000	330,345	275	1,607	23,909	(22,924)	408,212	238	408,450
Changes in equity for the six months ended 30 June 2021:										
Loss for the period	—	—	—	—	—	—	(37,597)	(37,597)	107	(37,490)
Other comprehensive income	—	—	—	42	—	—	—	42	—	42
Total comprehensive income	—	—	—	42	—	—	(37,597)	(37,555)	107	(37,448)
Issuance of ordinary shares *(Note 24(c))*	—	3,981	234,818	—	—	—	—	238,799	—	238,799
Contributions from shareholders *(Note 24(d)(i))*	—	—	—	—	—	21,672	—	21,672	—	21,672
Acquisition of non-controlling interests *(Note 28)*	—	—	—	—	—	345	—	345	(345)	—
	—	3,981	234,818	—	—	22,017	—	260,816	(345)	260,471
At 30 June 2021	—	78,981	565,163	317	1,607	45,926	(60,521)	631,473	—	631,473

The accompanying notes form part of the Historical Financial Information.

	Attributable to equity shareholders of the Company									
	Issued capital									
	Paid-in capital	Share capital	Share premium	Exchange reserve	Fair value reserve (non-recycling)	Other reserve	Accumulated losses	Total	Non-controlling interests	Total deficit
	RMB'000 (Note 24(c)(i))	*RMB'000 (Note 24(c)(ii))*	*RMB'000 (Note 24(d)(ii))*	*RMB'000 (Note 24(d)(iii))*	*RMB'000 (Note 24(d)(iv))*	*RMB'000 (Note 24(d)(i))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2020	11,888	—	—	387	—	5,232	(176,874)	(159,367)	23	(159,344)
Changes in equity for the six months ended 30 June 2020: (unaudited)										
Loss for the period	—	—	—	—	—	—	(49,523)	(49,523)	748	(48,775)
Other comprehensive income	—	—	—	(33)	—	—	—	(33)	—	(33)
Total comprehensive income	—	—	—	(33)	—	—	(49,523)	(49,556)	748	(48,808)
Equity-settled share-based transactions	—	—	—	—	—	5,620	—	5,620	—	5,620
At 30 June 2020 (unaudited)	11,888	—	—	354	—	10,852	(226,397)	(203,303)	771	(202,532)

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in RMB)

	Notes	Year ended 31 December		Six months ended 30 June	
		2019	2020	2020	2021
		RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Operating activities					
Cash used in operations	*16(b)*	(58,696)	(42,856)	(20,354)	(39,452)
Tax paid		—	—	—	(2)
Net cash used in operating activities		(58,696)	(42,856)	(20,354)	(39,454)
Investing activities					
Payment for the purchase of property, plant and equipment		(1,952)	(21,913)	(5,349)	(13,765)
Investment in unlisted equity securities		—	(2,000)	—	—
Redemption of debt instruments and wealth management products		709,818	656,217	366,970	550,000
Payment for the purchase of debt instruments and wealth management products		(720,078)	(565,957)	(407,910)	(550,000)
Investment income from debt instruments and wealth management products		5,704	3,116	1,848	3,110
Proceeds from disposal of property, plant and equipment		—	18	18	13
Loans to a director		(200)	—	—	—
Loans repaid by a director		—	1,550	1,550	—
Loans to a company controlled by a director		(20,000)	—	—	—
Loans repaid by a company controlled by a director		—	20,023	—	—
Interest from loans to a non-controlling shareholder		—	641	—	—
Net cash (used in)/generated from investing activities		(26,708)	91,695	(42,873)	(10,642)

The accompanying notes form part of the Historical Financial Information.

	Notes	Year ended 31 December 2019	Year ended 31 December 2020	Six months ended 30 June 2020	Six months ended 30 June 2021
		RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Financing activities					
Capital contributions received form equity shareholders of the Company		3,571	62,933	—	260,471
Proceeds from the issuance of financial instruments to investors	*16(c)*	60,000	180,000	—	—
Payment of transaction costs incurred in the issuance of financial instruments to investors		(1,380)	(1,415)	—	—
Interest element of lease rentals paid	*16(c)*	(46)	(20)	(7)	(102)
Capital element of lease rentals paid	*16(c)*	(748)	(642)	(257)	(1,915)
Listing expense paid		—	—	—	(7,605)
Acquisition of non-controlling interests		—	(223)	—	—
Net cash generated from/(used in) financing activities		61,397	240,633	(264)	250,849
Net (decrease)/increase in cash and cash equivalents		(24,007)	289,472	(63,491)	200,753
Cash and cash equivalents at 1 January		109,001	85,336	85,336	374,698
Effect of foreign exchange rate changes		342	(110)	(33)	(166)
Cash and cash equivalents at 31 December/30 June	*16(a)*	85,336	374,698	21,812	575,285

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in RMB)

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Beijing Airdoc Technology Co., Ltd. (北京鷹瞳科技發展股份有限公司, formerly known as Beijing Tulip Partner Technology Co., Ltd. (北京鬱金香夥伴科技有限公司)) (the "**Company**") was established as a limited liability company in the People's Republic of China (the "**PRC**") on 9 September 2015. The Company was converted from a limited liability company into a joint stock limited liability company on 28 December 2020 and changed its name as Beijing Airdoc Technology Co., Ltd..

The Company and its subsidiaries (together, the "**Group**") are primarily focusing on providing AI-empowered retina-based early detection, diagnosis and health risk assessment solutions.

The statutory financial statements of the Company for the year ended 31 December 2019 and 2020 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC were audited by Dahua Certified Public Accountants (大華會計師事務所(特殊普通合夥)) and Beijing Huizhi Hongjing Certified Public Accountants Ltd. (北京慧智宏景會計師事務所有限公司), respectively.

As at 30 June 2021, the Company has direct or indirect interests in the following principal subsidiaries:

Name of company	Place of incorporation and business and date of incorporation establishment	Particulars of registered and paid-up capital	Proportion of ownership interest		Principal activities
			Directly held by the Company	Indirectly held by the Company	
Shanghai Airdoc Medical Technology Co., Ltd. ("**Airdoc Shanghai**") (上海鷹瞳醫療科技有限公司) *(i)(ii)(vi)*	The PRC 26 July 2017	RMB10,000,000 RMB5,700,000	100%	—	Sale of hardware devices and provision of AI-based software solutions

Name of company	Place of incorporation and business and date of incorporation establishment	Particulars of registered and paid-up capital	Proportion of ownership interest		Principal activities
			Directly held by the Company	Indirectly held by the Company	
Beijing Airdoc Health Technology Co., Ltd. (Formerly, Tianjin Airdoc Medical Technology Co., Ltd.) ("**Airdoc Beijing**") (北京鷹瞳健康科技有限公司, 原天津鷹瞳健康科技有限公司) *(i)(iii)(vi)*	The PRC 30 August 2018	RMB1,000,000 —	—	100%	Sale of hardware devices and provision of AI-based software solutions
Shanghai Zhongyou Intelligent Technology Co., Ltd. ("**Shanghai Zhongyou**") (上海眾佑智能科技有限公司) *(i)(iv)(vi)*	The PRC 25 July 2017	RMB5,000,000 RMB1,100,000	100%	—	Sale of hardware devices and provision of AI-based software solutions
Airdoc Technology (HK) Limited *(v)*	Hong Kong 26 February 2020	USD2,000,000 USD2,000,000	100%	—	Sale of hardware devices and provision of AI-based software solutions

Notes:

(i) The English translation of these entities is for reference only. The official names of the entities established in the PRC are in Chinese.

(ii) The statutory financial statements of this entity comprising the Group for year ended 31 December 2019 and 2020 were audited by Dahua Certified Public Accountants (大華會計師事務所(特殊普通合夥)) and Beijing Huizhi Hongjing Certified Public Accountants Ltd. (北京慧智宏景會計師事務所有限公司), respectively.

(iii) The statutory financial statements of this entity comprising the Group for year ended 31 December 2019 were audited by Dahua Certified Public Accountants (大華會計師事務所 (特殊普通合夥)). No statutory financial statements for the year ended 31 December 2020 are available for this entity as of the date of this report. On 17 May 2021, the Group acquires 20% equity interest in Airdoc Beijing. At a result, the Group's shareholding in Airdoc Beijing increased from 80% to 100%.

(iv) The statutory financial statements of Shanghai Zhongyou for year ended 31 December 2019 were audited by Beijing Shoulv Certified Public Accountants Co., Ltd. (北京首律會計師事務所(普通合夥)). No statutory financial statements for the year ended 31 December 2020 are available for this entity as of the date of this report.

(v) The statutory financial statements of Airdoc Technology (HK) Limited for year ended 31 December 2020 were audited by CLG CPA Limited Certified Public Accountants Hong Kong (智立會計師事務所有限公司).

(vi) These entities are domestic companies.

All companies comprising the Group have adopted 31 December as their financial year end date.

The Historical Financial Information has been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**") which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations issued by the International Accounting Standards Board (the "**IASB**"). Further details of the significant accounting policies adopted are set out in Note 2.

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised IFRSs that are effective during the Relevant Periods, including Amendments to IFRS 16, Leases, COVID-19-related rent concessions, consistently throughout the Relevant Periods. The Group has not adopted any new standards or interpretations that are not yet effective for the accounting period beginning 1 January 2021. The revised and new accounting standards and interpretations issued which effective for the accounting years beginning on or after 1 January 2021 and not yet adopted by the Group are set out in Note 30.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Stub Period Corresponding Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of measurement

As almost all the Group's operating activities are carried out in mainland China, and most of the transactions are denominated in RMB, the Historical Financial Information is presented in RMB.

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except that other investments in equity securities (see Note 2(d)) and the forward contract element of the financial instruments issued to investors (see Note 2(n)) are stated at their fair value as explained in the accounting policies as set out below.

(b) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing 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.

Judgements made by management in the application of IFRSs that have significant effect on Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is included into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Note 2(m) or (o) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 2(d)) or, when appropriate, the cost on initial recognition of an investment in an associate.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(h)(ii)).

(d) Other investments

The Group's policies for investments, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 25(d). These investments are subsequently accounted for as follows, depending on their classification.

(i) Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

— amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see Note 2(s)(v)).

— fair value through other comprehensive income (FVOCI) — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

— fair value through profit or loss (FVPL) if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in Note 2(s)(iv).

(e) Property, plant and equipment

Property, plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see Note 2(f)), are stated at cost less accumulated depreciation and any impairment losses (see Note 2(h)(ii)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, and relevant necessary expenses.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

	Useful life
— Hardware devices	3 years
— Furniture and others	3–5 years
— Leasehold improvement	2–3 years
— Right-of-use assets	Over the lease term

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(f) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(h)(ii)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("**lease modification**") that is not accounted for as a separate lease. In this case the lease liability is

remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of IFRS 16 Leases. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of IFRS 16 and recognised the change in consideration as if it were not a lease modification.

(g) Research and development expenses

Expenditure on research activities is recognised in profit or loss as incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see Note 2(h)). Other development expenditure is recognised as an expense in the period in which it is incurred. Research and development expenses are recognised as expenses in the Relevant Periods.

(h) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses ("**ECLs**") on the following items:

— financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables, which are held for the collection of contractual cash flows which represent solely payments of principal and interest).

Other financial assets measured at fair value, including equity securities measured at FVPL and equity securities designated at FVOCI (non-recycling), are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

— fixed-rate financial assets, trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

— variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

— lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as

realising security (if any is held); or (ii) the financial asset is 90 days past due. 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 since initial recognition:

— failure to make payments of principal or interest on their contractually due dates;

— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

— an actual or expected significant deterioration in the operating results of the debtor; and

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognised in accordance with Note 2(s)(v) 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 the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or past due event;

— it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment; and

— investments in subsidiaries.

If any such indication exists, the asset's recoverable amount is estimated.

— *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— *Reversals of impairment losses*

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(i) Inventories and other contract costs

(i) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the first-in, first-out (FIFO) cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see Note 2(i)(i)) or property, plant and equipment (see Note 2(e)).

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. The incremental costs of obtaining a contract are expensed when incurred if the amortisation period of the asset that the Group otherwise would have recognised is one year or less, using the practical expedient in paragraph 94 of IFRS 15.

(j) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 2(s)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(h)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see Note 2(l)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(s)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see Note 2(l)).

For a single contract with the customer, either a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in Note 2(h)(i).

(l) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see Note 2(h)(i)).

(m) Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(n) Financial instruments issued to investors

The Company entered into a series of investment agreements with some independent investors (the "**financial instruments issued to investors**").

The financial instruments issued to investors, except for the forward contract component, are classified as financial liabilities if they are redeemable on a specific date or at the option of the investors.

The financial liabilities are measured at the present value of the redemption amount. Any changes in the carrying amount of the financial liabilities were recorded in profit or loss as "changes in the carrying amount of financial instruments issued to investors".

The forward contract element of the financial instruments issued to investors is recognised at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recorded immediately in profit or loss.

(o) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see Note 2(u)).

(p) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The fair value of equity-settled share-based payment awards granted to employees is recognised as an employee cost with a corresponding increase in a other reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the equity-settled share-based payment awards were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the equity-settled share-based payment awards, the total estimated fair value of the equity-settled share-based payment awards is spread over the vesting period, taking into account the probability that the equity-settled share-based payment awards will vest.

During the vesting period, the number of equity-settled share-based payment awards that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year/period of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the other reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of equity-settled share-based payment awards that vest (with a corresponding adjustment to the other reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the other reserve.

(q) Income tax

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(r) Provisions, contingent liabilities and onerous contracts

(i) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Onerous contracts

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of continuing with the contract.

(s) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Provision of artificial intelligence (AI)-based software solutions

The Group earns revenue by provision of AI-based software solutions to its customers through contracts. Revenue is recognised at a point in time when performance obligation is completed and the Group has a present right to collect payment for the services performed.

A portion of our revenue is generated from subscription contracts under which a customer pays a preset fee for a predetermined or unlimited number of transactions or services provided during the subscription period. Revenue from the subscription packages having a preset number of transactions is recognised as the services are provided, using the unit price agreed in the contract multiplied by the effective number of services provided. Revenue from the subscription packages having an unlimited volume is recognised on a straight-line basis during the contract term.

(ii) Sale of hardware devices

Revenue is recognised when the customer takes possession of and accepts the products.

If a contract has several performance obligations covering goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

(iii) Other service

Other service revenues mainly include commissions from procurement service and software development service. Commissions from procurement service is recorded on a net basis which the Group earns in exchange for arranging for the specified goods to be provided by other parties. Revenue related to such commissions is recognised upon a time when the Group satisfies its performance obligations by rendering services.

The Group provides software development service according to the customer's customization requirements. Revenue from software development service is recognised at a point in time when the software development is completed and transferred to customers.

(iv) Dividends

— Dividends income from unlisted investments is recognised when the shareholder's right to receive payment is established.

— Dividends income from listed investments is recognised when the share price of the investment goes ex-dividend.

(v) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(h)(i)).

(vi) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(t) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities.

The results of operations which have a functional currency other than RMB are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(u) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

(v) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of the Group's various service lines and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENT AND ESTIMATES

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The selection of critical accounting policies, the judgments and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the financial information. The significant accounting policies are set out in Note 2. Other key sources of estimation uncertainty is as follow:

Fair value of share-based compensation expenses

As mentioned in Note 23, share options were granted to employees. The Group has used binomial lattice model to determine the total fair value of the options granted to employees, which is to be expensed over the vesting period. Significant estimate on assumptions, such as the underlying equity value, risk-free interest rate, expected volatility and dividend yield, are required to be made by the Group in applying the binomial lattice model.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Company derives revenue principally from the provision of AI-based software solutions, sales of hardware devices and other services.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Year ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15				
Provision of AI-based software solutions	21,851	42,848	5,958	42,600
Sales of hardware devices	3,335	3,340	421	6,001
Other services	5,229	1,484	132	876
	30,415	47,672	6,511	49,477

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is as follows:

	Year ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Disaggregated by timing of revenue recognition				
— Point in time	24,091	38,256	4,913	24,727
— Over time	6,324	9,416	1,598	24,750
	30,415	47,672	6,511	49,477

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the Relevant Periods is set out below:

	Year ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Customer A	13,226	20,750	2,797	9,325
Customer B	5,352	6,055	1,695	9,070
Customer C	N/A*	9,922	N/A*	N/A*
Customer D	3,045	N/A*	N/A*	N/A*
Customer E	N/A*	N/A*	N/A*	13,357

* Less than 10% of the Group's revenue in the respective year/period.

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

The aggregate amount of the transaction price allocated to performance obligations that are unsatisfied were RMB7,012,000, RMB9,968,000 and RMB42,095,000 as at 31 December 2019 and 2020 and 30 June 2021, respectively. Management of the Group expects the majority of the transaction price allocated to the unsatisfied contracts as of the end of each reporting period during the Track Record Period will be recognised within 5 years from the end of each reporting period.

(b) Geographic information

The Group's operations are mainly located in the Mainland China.

Information about the Group's revenue from its operations from external customers is presented based on the Group's operation location of incorporation/establishment. Information about the Group's non-current assets other than financial instruments and deferred tax assets is presented based on the geographical location of the assets.

	Revenue from external customers			
	Year ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Mainland China	29,260	47,485	6,324	49,322
Others	1,155	187	187	155
	30,415	47,672	6,511	49,477

	Non-current assets		
	As at 31 December		As at 30 June
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Mainland China	6,230	23,247	35,300

(c) Segment reporting

IFRS 8, Operating Segments, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group's chief operating decision maker for the purpose of resources allocation and performance assessment. On this basis, the Group has determined that it only has one operating segment during the Relevant Periods.

5 OTHER INCOME

	Year ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Government grants	230	266	14	98
Investment income from debt instruments	26	472	472	—
Investment income from wealth management products	5,318	2,494	1,652	3,110
Interest income from loans to a related party	17	624	434	—
Interest income from bank deposits	562	1,179	88	1,119
Net loss on disposal of property and equipment	(8)	—	(2)	(56)
Net foreign exchange loss	—	(23)	—	(208)
	6,145	5,012	2,658	4,063

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Finance costs

	Year ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest on lease liabilities *(Note 16(c))*	46	22	9	102

(b) Staff costs

	Year ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries, wages and other benefits	39,584	55,025	22,555	38,399
Defined contribution retirement plans *(i)*	3,067	324	324	2,693
Equity-settled share-based payment	2,728	11,058	5,620	—
	45,379	66,407	28,499	41,092

(i) Defined contribution retirement plans

As stipulated by the regulations of the PRC, the Group participates in a defined contribution retirement plan organised by municipal and provincial governments for its employees. The Group is required to make contributions to the retirement plans at rates ranging from 16% to 20% of the salaries, bonuses and certain allowances of the employees during the Relevant Periods.

The local government authorities are responsible for the entire retirement obligations payable to retired employees. To reduce the impact of the COVID-19 pandemic on enterprises, the local government gradually reduced or exempted the social insurance contributions for the period from 1 February 2020 to 31 December 2020.

(c) Other items

	Year ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Depreciation charge — property, plant and equipment *(Note 11)*	3,478	5,457	2,559	6,609
Impairment losses/(reversal of impairment losses)				
— trade receivables	25	279	80	820
— other receivables	519	(256)	(27)	(117)
Auditor's remuneration				
— audit service	158	504	—	33
Listing expense	—	—	—	2,820
Cost of inventories sold *(Note 13(b))*	2,427	2,461	547	5,221

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(a) Taxation in the consolidated statements of profit or loss represent:

	Year ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Current tax — PRC Enterprise Income Tax ("EIT")				
Provision for the year/period	7	375	115	336

(b) Reconciliation between income tax expense and accounting loss at applicable tax rates:

	Year ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Loss before taxation	(87,132)	(79,251)	(49,754)	(37,154)
Notional tax on loss before taxation, calculated at the applicable rates in the countries concerned *(i)(v)*	(21,627)	(19,755)	(12,381)	(9,207)
Effect of preferential tax rate *(ii)(iv)*	5,261	5,795	2,423	4,303
Effect of additional deduction on research and development expenses *(iii)*	(4,292)	(4,964)	(1,957)	(3,191)
Tax effect of non-deductible expenses	9,043	10,698	6,018	83
Tax effect of unused tax losses not recognised	9,145	10,196	5,818	7,785
Tax effect of temporary differences not recognised	2,477	(1,595)	194	563
Actual tax expenses	7	375	115	336

(i) During the Relevant Periods, the PRC statutory income tax rate is 25% under the PRC Enterprise Income Tax Law. The group entities in the PRC are subject to PRC income tax at 25% unless otherwise specified.

(ii) According to the PRC Income Tax Law and its relevant regulations, entities that qualified as high-technology enterprise are entitled to a preferential income tax rate of 15%. The Company was recognised as high-technology enterprise and is subject to income tax at 15% during the Relevant Periods. Airdoc Shanghai obtained its certificate of high-technology enterprise on 6 December 2019 and is subject to income tax at 15% for a three years period.

(iii) Effective from 1 January 2018 to 31 December 2023, an additional 75% of qualified research and development expenses incurred is allowed to be deducted from taxable income under the PRC Income Tax Law and its relevant regulations.

(iv) According to the PRC income tax law and its relevant regulations issued in 2019, entities that qualified as small and low profit enterprise are entitled to a preferential income tax rate of 5% (for taxable income less than RMB1,000,000) or 10% (for taxable income range from RMB1,000,000 to RMB3,000,000). Airdoc Shanghai, Airdoc Beijing and Shanghai Zhongyou were qualified as small and low profit enterprise and entitled preferential income tax rate for the year ended 31 December 2019 and 2020 and the six months ended 30 June 2020 and 2021.

(v) Taxation for subsidiaries in other tax jurisdictions is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

8 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Directors' emoluments are as follows:

	Year ended 31 December 2019					
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Equity-settled share-based payment *(Note vii)*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors						
Mr. Zhang Dalei	—	418	—	50	176	644
Mr. Gao Fei	—	633	—	50	—	683
Mr. Chen Hailong	—	737	165	50	82	1,034
Mr. Chen Yuzhong	—	845	—	56	1,438	2,339
Mr. Chen Mingqiang *(i)*	—	676	51	50	—	777
Non-executive directors						
Mr. Jiang Bo *(ii)*	—	—	—	—	—	—
Mr. Pan Donghui *(iii)*	—	—	—	—	—	—
Mr. Liu Yi *(iii)*	—	—	—	—	—	—
Mr. Zhou Yi *(iii)*	—	—	—	—	—	—
Mr. Yan Ning *(iii)*	—	—	—	—	—	—
Ms. Xu Jingfang *(iii)*	—	—	—	—	—	—
Mr. Yao Yong *(iii)*	—	—	—	—	—	—
Supervisor						
Mr. Wei Yubo *(v)*	—	613	—	50	38	701
	—	3,922	216	306	1,734	6,178

	Year ended 31 December 2020					
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Equity-settled share-based payment *(Note vii)*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors						
Mr. Zhang Dalei	—	412	—	4	53	469
Mr. Gao Fei	—	630	—	4	—	634
Mr. Chen Hailong	—	821	—	4	74	899
Mr. Chen Yuzhong	—	843	—	4	741	1,588
Mr. Chen Mingqiang *(i)*	—	699	—	4	—	703
Non-executive directors						
Ms. Wang Mi *(ii)*	—	—	—	—	—	—
Mr. Jiang Bo *(ii)*	—	—	—	—	—	—
Mr. Liu Yi *(iii)*	—	—	—	—	—	—
Mr. Zhou Yi *(iii)*	—	—	—	—	—	—
Mr. Yan Ning *(iii)*	—	—	—	—	—	—
Ms. Xu Jingfang *(iii)*	—	—	—	—	—	—
Mr. Yao Yong *(iii)*	—	—	—	—	—	—
Independent non-executive directors						
Mr. Huang Yanlin *(iv)*	—	—	—	—	—	—
Mr. Wu Yangfeng *(iv)*	—	—	—	—	—	—
Ms. Luo Ting *(iv)*	—	—	—	—	—	—
Supervisors						
Mr. Wei Yubo *(v)*	—	625	—	4	11	640
Mr. Wang Xiaochuan *(v)*	—	—	—	—	—	—
Ms. Bai Huihui *(v)*	—	—	—	—	—	—
	—	4,030	—	24	879	4,933

	Six months ended 30 June 2021					
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Equity-settled share-based payment *(Note vii)*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors						
Mr. Zhang Dalei	—	201	—	26	—	227
Mr. Gao Fei	—	368	—	26	—	394
Mr. Chen Hailong	—	403	—	26	—	429
Mr. Chen Yuzhong	—	544	—	26	—	570
Non-executive directors						
Ms. Wang Mi *(ii)*	—	—	—	—	—	—
Mr. Jiang Bo *(ii)*	—	—	—	—	—	—
Independent non-executive directors						
Mr. Huang Yanlin *(iv)*	50	—	—	—	—	50
Mr. Wu Yangfeng *(iv)*	50	—	—	—	—	50
Ms. Luo Ting *(iv)*	50	—	—	—	—	50
Mr. Ng Kong Ping Albert *(iv)*	—	—	—	—	—	—
Supervisors						
Mr. Wei Yubo *(v)*	—	344	—	26	—	370
Mr. Wang Xiaochuan *(v)*	—	—	—	—	—	—
Ms. Bai Huihui *(v)*	—	—	—	—	—	—
Ms. Zhou Wenjuan *(v)*	—	—	—	—	—	—
	150	1,860	—	130	—	2,140

	Six months ended 30 June 2020					
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Equity-settled share-based payment *(Note vii)*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
(Unaudited)						
Executive directors						
Mr. Zhang Dalei	—	200	—	4	27	231
Mr. Gao Fei	—	228	—	4	—	232
Mr. Chen Hailong	—	239	—	4	37	280
Mr. Chen Yuzhong	—	218	—	4	375	597
Mr. Chen Mingqiang *(i)*	—	233	—	4	—	237
Non-executive directors						
Mr. Jiang Bo *(ii)*	—	—	—	—	—	—
Ms. Wang Mi *(ii)*	—	—	—	—	—	—
Mr. Liu Yi *(iii)*	—	—	—	—	—	—
Mr. Zhou Yi *(iii)*	—	—	—	—	—	—
Mr. Yan Ning *(iii)*	—	—	—	—	—	—
Supervisors						
Mr. Wei Yubo *(v)*	—	307	—	4	6	317
	—	1,425	—	24	445	1,894

Notes:

(i) Mr. Chen Mingqiang resigned as executive director of the Company on 25 December 2020.

(ii) Mr. Jiang Bo and Ms. Wang Mi were appointed as non-executive directors of the Company on 20 December 2019 and 1 June 2020, respectively.

(iii) Mr. Pan Donghui resigned as non-executive directors of the Company on 20 December 2019. Mr. Liu Yi, Mr. Zhou Yi, and Mr. Yan Ning resigned as non-executive directors of the Company on 1 June 2020. Ms. Xu Jingfang and Mr. Yao Yong resigned as non-executive directors of the Company on 25 December 2020.

(iv) Mr. Huang Yanlin, Mr. Wu Yangfeng and Ms. Luo Ting were appointed as independent non-executive directors of the Company on 25 December 2020. Ms. Luo Ting resigned as Independent non-executive directors of the Company on 30 April 2021, and Mr. Ng Kong Ping Albert was appointed as Independent non-executive directors of the Company on 30 April 2021.

(v) Mr. Wang Xiaochuan and Ms. Bai Huihui were appointed as supervisors of the Company on 25 December 2020. Mr. Wei Yubo is an employee of the Group during the Relevant Periods and the Group paid emoluments to him in his capacity as the employee of the Group before his appointment as supervisor of the Company. Ms. Zhou Wenjuan was appointed as a supervisor of the Company on 12 May 2021.

(vi) During the Relevant Periods, no emoluments were paid by the Company to the directors as an inducement to join or upon joining the Company or as compensation for loss of office.

(vii) These represent the estimated value of share options granted to the directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in Note 2(p)(ii) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting.

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed in the Note 23.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

The number of directors and non-directors included in the five highest paid individuals for the year ended 31 December 2019 and 2020 and the six months ended 30 June 2020 and 2021 are set forth below:

	Year ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	Number of individuals	*Number of individuals*	*Number of individuals* (unaudited)	*Number of individuals*
Directors	2	1	—	1
Non-directors	3	4	5	4
	5	5	5	5

The emoluments of the directors are disclosed in Note 8. The aggregate of the emoluments in respect of the remaining highest paid individuals are as follows:

	Year ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries, allowances and benefits in kind	3,102	4,423	2,189	3,015
Discretionary bonuses	349	110	—	—
Retirement scheme contributions	141	10	17	102
Equity-settled share-based payment *(Note 23)*	1,543	3,690	1,605	—
	5,135	8,233	3,811	3,117

The emoluments of the individuals who are not directors and who are amongst the five highest paid individuals of the Group are within the following bands:

	Year ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	Number of individuals	*Number of individuals*	*Number of individuals* (unaudited)	*Number of individuals*
Nil to HKD1,000,000	—	—	4	3
HKD1,000,001 to HKD1,500,000	2	—	1	1
HKD1,500,001 to HKD2,000,000	—	2	—	—
HKD2,500,001 to HKD3,000,000	—	2	—	—
HKD3,000,001 to HKD3,500,000	1	—	—	—

10 LOSS PER SHARE

The calculation of the basic loss per share during the Relevant Periods is based on the loss for the year attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue or deemed to be in issue.

As described in Note 24, the Company converted into a joint stock limited liability company and the paid-in capital was converted into 15,709,577 shares of RMB1 each on 28 December 2020. For the purpose of computing basic and diluted earnings per share, the weighted average number of ordinary shares deemed to be in issue before the Company's conversion into a joint stock company was determined assuming the conversion into joint stock company had occurred since 1 January 2019, at the exchange ratio established in the conversion in December 2020.

In addition, pursuant to the resolution passed by the general meeting of shareholders of the Company on 29 December 2020, the Company issued 3.6857 shares for each share in issue by transferring RMB58,994,016 from share premium to share capital. Accordingly, the weighted average number of shares has also been adjusted retrospectively from 1 January 2019 for such capitalisation issue.

(a) Loss of the year attributable to ordinary equity shareholders of the Company

	Year ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Loss of the year/period attributable to all equity shareholders of the Company	(87,138)	(80,064)	(49,523)	(37,597)
Allocation of loss of the year/period attributable to Financial Instruments Investors *(Note 22)*	39,834	29,910	23,637	—
Loss of the year/period attributable to ordinary equity shareholders of the Company	(47,304)	(50,154)	(25,886)	(37,597)

(b) Weighted average number of shares

Weighted average number of ordinary shares deemed to be in issue

	Year ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	'000	*'000*	*'000* (unaudited)	*'000*
Ordinary shares at 1 January deemed to be in issue	7,393	11,888	11,888	75,000
Effect of ordinary shares deemed to be in issue	3,801	658	—	—
Effect of ordinary shares in issue	—	2	—	902
Effect of Financial Instruments Investors *(Note 22)*	(5,117)	(4,697)	(5,674)	—
Effect of capitalisation issue	22,398	28,936	22,903	—
Weighted average number of ordinary shares deemed to be in issue	28,475	36,787	29,117	75,902

Financial instruments issued to investors (Note 22) were not included in the calculation of diluted loss per share because their effect would have been anti-dilutive. Accordingly, diluted loss per share for each year during the Relevant Periods were the same as basic loss per share of the respective periods.

11 PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Hardware devices	Furniture and others	Leasehold improvement	Right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:					
At 1 January 2019	7,579	50	307	—	7,936
Additions	1,929	24	—	1,266	3,219
Disposals	(10)	—	—	—	(10)
At 31 December 2019	9,498	74	307	1,266	11,145
Additions	20,398	1,515	—	772	22,685
Disposals	(402)	—	—	—	(402)
At 31 December 2020	29,494	1,589	307	2,038	33,428
Additions	12,468	27	1,270	6,443	20,207
Disposals	(1,913)	—	—	—	(1,913)
At 30 June 2021	40,049	1,616	1,577	8,481	51,722
Accumulated depreciation:					
At 1 January 2019	1,316	12	111	—	1,439
Charge for the year	2,605	11	102	760	3,478
Written back on disposals	(2)	—	—	—	(2)
At 31 December 2019	3,919	23	213	760	4,915
Charge for the year	4,257	342	94	764	5,457
Written back on disposals	(191)	—	—	—	(191)
At 31 December 2020	7,985	365	307	1,524	10,181
Charge for the period	4,780	263	106	1,460	6,609
Written back on disposals	(367)	—	—	—	(367)
At 30 June 2021	12,398	628	413	2,984	16,423
Net book value:					
At 31 December 2019	5,579	51	94	506	6,230
At 31 December 2020	21,509	1,224	—	514	23,247
At 30 June 2021	27,651	988	1,164	5,497	35,300

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	As at 31 December		As at 30 June
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Properties leased for own use, carried at depreciated cost	506	514	5,497

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	Year ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Depreciation charge of right-of-use assets by class of underlying asset:				
Properties leased for own use	760	764	380	1,460
Interest on lease liabilities *(Note 16(c))*	46	22	9	102
Expense relating to short-term leases *(Note 16(d))*	3,659	4,437	3,120	1,478
COVID-19-related rent concessions received	—	(132)	(132)	—

As disclosed in Note 2, the Group has adopted the Amendment to IFRS 16, Leases, *COVID-19-Related Rent Concessions*, and applies the practical expedient introduced by the Amendment to all eligible rent concessions received by the Group during the period.

The Group leases office premises under leases expiring in no more than three years. Some leases include an option to renew the lease when all terms are renegotiated. None of the leases includes variable lease payments.

The total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 16(d) and Note 19, respectively.

12 OTHER FINANCIAL ASSETS

The Group

	As at 31 December		As at 30 June
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Current			
Financial assets measured at amortised cost			
— Debt instruments *(i)*	50,290	—	—
Financial assets measured at FVPL			
— Wealth management products *(i)*	40,121	—	—
	90,411	—	—
Non-current			
Equity securities designated at FVOCI (non-recycling)			
— Unlisted equity securities	—	3,607	3,607

The Company

	As at 31 December		As at 30 June
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Current			
Financial assets measured at amortised cost			
— Debt instruments *(i)*	50,290	—	—
Financial assets measured at FVPL			
— Wealth management products *(i)*	40,121	—	—
	90,411	—	—

Note:

(i) Other financial assets as at 31 December 2019 represent deposits which are accounted as fair value through profit or loss or measured at amortised cost.

13 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	As at 31 December		As at 30 June
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	—	3,559	3,066
Machines held for selling	—	—	385
	—	3,559	3,451

(b) The analyses of the amount of inventories recognised as an expense and included in profit or loss are as follows:

	Year ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Carrying amount of inventories sold	2,427	2,461	547	5,221

14 TRADE RECEIVABLES

	As at 31 December		As at 30 June
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Receivables from third parties	14,035	12,806	25,942
Receivables from related parties *(Note 27(d))*	2,504	7,045	1,041
Less: loss allowance	(27)	(306)	(1,126)
Trade receivables, net	16,512	19,545	25,857

All of the trade receivables are expected to be recovered or recognised as expense within one year.

(a) Ageing analysis of trade receivables

As of the end of the reporting period, the ageing analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December		As at 30 June
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Within 6 months	15,441	19,482	25,790
6 to 12 months	1,071	63	67
	16,512	19,545	25,857

Trade receivables are generally due within 60 to 120 days from the date of billing. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 25(a).

15 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

The Group

		As at 31 December		As at 30 June
		2019	2020	2021
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Loans to a company controlled by a director *(Note 27(d))*		20,023	—	—
Loans to a director *(Note 27(d))*		1,550	—	—
Deposits		3,620	5,139	2,510
Prepayments to suppliers		12,295	4,548	11,943
Prepayments as an agent	*(i)*	2,704	1,170	1,046
Prepaid listing expenses		—	—	16,541
Others		1,269	565	1,335
Less: loss allowance		(581)	(325)	(208)
Deposits, prepayments and other receivables, net of loss allowance		40,880	11,097	33,167

The Company

	As at 31 December		As at 30 June
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Loans to a company controlled by a director *(Note 27(d))*	20,023	—	—
Loans to a director *(Note 27(d))*	1,550	—	—
Deposits	661	1,032	2,044
Prepayments to suppliers	602	624	3,498
Receivables from subsidiaries	4,974	22,369	83,589
Prepaid listing expenses	—	—	16,541
Others	859	358	1,209
Less: loss allowance	(540)	(1,178)	(4,300)
Deposits, prepayments and other receivables, net of loss allowance	28,129	23,205	102,581

Note:

(i) The Group entered into a number of contracts with its major customers to purchase specific hardware devices on behalf of such customers. As the Group acted as an agent in these transactions, the relevant payments made to suppliers by the Group are classified as prepayments as an agent and the amounts received by the Group are classified as receipt in advance as an agent.

16 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

The Group

	As at 31 December		As at 30 June
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank	85,336	374,698	575,285

The Company

	As at 31 December		As at 30 June
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank	79,009	366,425	494,545

(b) Reconciliation of loss before taxation to cash used in operations:

	Note	Year ended 31 December		Six months ended 30 June	
		2019	2020	2020	2021
		RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Loss before taxation		(87,132)	(79,251)	(48,660)	(37,154)
Adjustments for:					
Depreciation	*6(c)*	3,478	5,457	2,559	6,609
Interest income from loans to a related party		(17)	(624)	(434)	—
Investment income from debt instruments and wealth management products		(5,344)	(2,966)	(2,124)	(3,110)
Interest expense	*6(a)*	46	22	9	102
Changes in the carrying amount of financial instruments issued to investors	*22*	40,945	27,316	16,300	—
Net loss on disposal of property, plant and equipment	*5*	8	—	2	56
Equity-settled share-based payment expenses	*6(b)*	2,728	11,058	5,620	—
Impairment of trade receivables.	*6(c)*	25	279	80	820
Impairment/(reversal of impairment) of other receivables	*6(c)*	519	(256)	(27)	(117)
COVID-19-related rent concessions received	*16(c)*	—	(132)	(132)	—
Net foreign exchange loss		—	—	—	208
Changes in working capital:					
Increase in inventories		—	(3,559)	(1,282)	107
Increase in trade receivables.		(14,552)	(3,312)	7,751	(7,132)
Decrease in deposits, prepayments and other receivables		12,624	8,445	1,522	(5,410)
Increase in contract liabilities		5,630	1,196	6,637	780
Decrease in trade and other payables		(19,096)	(6,692)	(8,338)	4,789
Increase in deferred income		1,442	163	163	—
Cash used in operations		(58,696)	(42,856)	(20,354)	(39,452)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities 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.

	Notes	**Financial instruments issued to investors** *(Note 22)*	**Lease liabilities** *(Note 19)*	**Total**
		RMB'000	*RMB'000*	*RMB'000*
At 1 January 2019		278,772	1,267	280,039
Changes from financing cash flows:				
Capital element of lease rentals paid		—	(748)	(748)
Interest element of lease rentals paid		—	(46)	(46)
Proceeds from the issue of financial instruments to investors		60,000	—	60,000
Total changes from financing cash flows		60,000	(794)	59,206
Other changes:				
Changes in the carrying amount of financial instruments issued to investors	*22*	40,945	—	40,945
Interest expenses	*6(a)*	—	46	46
Reclassification of financial instruments issued to investors as equity	*22*	(11,679)	—	(11,679)
At 31 December 2019		368,038	519	368,557

	Notes	Financial instruments issued to investors (Note 22)	Lease liabilities (Note 19)	Total
		RMB'000	*RMB'000*	*RMB'000*
At 1 January 2020		368,038	519	368,557
Changes from financing cash flows:				
Capital element of lease rentals paid		—	(642)	(642)
Interest element of lease rentals paid		—	(20)	(20)
Proceeds from the issue of financial instruments to investors		180,000	—	180,000
Total changes from financing cash flows		180,000	(662)	179,338
Other changes:				
Changes in the carrying amount of financial instruments issued to investors	*22*	27,316	—	27,316
Interest expenses	*6(a)*	—	22	22
Lease modifications		—	772	772
COVID-19-related rent concessions received		—	(132)	(132)
Reclassification of financial instruments issued to investors as equity	*22*	(575,354)	—	(575,354)
At 31 December 2020		—	519	519

	Notes	Financial instruments issued to investors (Note 22)	Lease liabilities (Note 19)	Listing expense payable	Total
		RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021		—	519	—	519
Changes from financing cash flows:					
Capital element of lease rentals paid		—	(1,915)	—	(1,915)
Interest element of lease rentals paid		—	(102)	—	(102)
Listing expense paid		—	—	(7,605)	(7,605)
Total changes from financing cash flows		—	(2,017)	(7,605)	(9,622)
Other changes:					
Increase in lease liabilities from entering into new leases during the period		—	6,443	—	6,443
Interest expenses	6(a)	—	102	—	102
At 30 June 2021		—	5,047	(7,605)	(2,558)

(d) Total cash outflow for leases

Amounts included in the consolidated statements of cash flows for leases comprise the following:

	Year ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Within operating cash flows	3,659	4,437	2,026	1,478
Within financing cash flows	794	662	264	2,017
	4,453	5,099	2,290	3,495

All these amounts relate to the lease rentals paid.

17 TRADE AND OTHER PAYABLES

	As at 31 December		As at 30 June
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	127	2,877	3,915
Accrued payroll	6,411	7,050	7,515
Other payables and accrued charges:			
— receipt in advance as an agent *(Note 15(i))*	7,560	1,954	317
— accrued listing expenses	—	—	10,219
— others	7,673	4,784	6,948
	21,771	16,665	28,914

All of the above balances classified as current liabilities are expected to be settled within one year.

As at 31 December, 2019 and 2020 and 30 June 2021, the ageing analysis of trade payables presented based on the invoice date is as follows:

	As at 31 December		As at 30 June
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Within 6 months	127	2,877	3,915

18 CONTRACT LIABILITIES

	As at 31 December		As at 30 June
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Advanced receipts for provision of AI-based software solutions	5,411	6,557	8,112
Advanced receipts for other services	725	775	—
	6,136	7,332	8,112

Movements in contract liabilities

	As at 31 December		As at 30 June
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Balance at 1 January	517	6,136	7,332
Decrease in contract liabilities as a result of recognising revenue during the year/period that was included in the contract liabilities at the beginning of the year/period	(517)	(6,061)	(7,074)
Increase in contract liabilities as a result of receiving advance payments during the year/period	6,136	7,257	7,854
Balance at 31 December/30 June	6,136	7,332	8,112

As at 31 December 2019 and 2020 and 30 June 2021, the amount of billing in advance of performance to be recognised as income after more than one year is RMB75,000, RMB414,000 and RMB1,084,000, respectively.

19 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities as of the end of the reporting period:

	As at 31 December 2019		As at 31 December 2020		As at 30 June 2021	
	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	519	529	519	529	3,325	3,505
After 1 year but within 2 years	—	—	—	—	1,722	1,753
	519	529	519	529	5,047	5,258
Less: total future interest expenses		10		10		211
Present value of lease liabilities		519		519		5,047

20 DEFERRED TAX

Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 2(q), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB111,266,000, RMB173,794,000 and RMB210,947,000 at 31 December 2019 and 2020 and 30 June 2021, respectively, due to the unpredictability of future taxable profits in the relevant tax jurisdiction and entity. The unrecognised tax losses will be expired as follows:

	As at 31 December		As at 30 June
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
2025	167	—	—
2026	1,069	1,069	1,069
2027	16,011	16,011	16,011
2028	36,086	36,086	36,086
2029	57,933	57,933	57,933
2030	—	62,695	62,695
2031	—	—	37,153
	111,266	173,794	210,947

21 DEFERRED INCOME

	As at 31 December		As at 30 June
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Government grants	2,242	2,405	2,405

These government grants are mainly for funding research and development expenditures undertaken by the Group. Conditional grants will be recognised as other income when the conditions attached to the grants were met.

22 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS

On 22 February 2018, the Company entered into an investment agreement with several independent investors (the "**Series B Investment**"), pursuant to which the investors made a total investment of RMB100 million in the Company as consideration for subscription of the Company's paid-in capital of RMB2,216,667.

On 30 November 2018, the Company entered into an investment agreement with several independent investors (the "**Series B+ Investment**"), pursuant to which the investors would make a total investment of RMB185 million in the Company as consideration for subscription of the Company's paid-in capital of RMB2,847,800 in total. Among these investors, one of the investors paid the RMB20 million to subscribe for the paid-in capital in January 2019, and another investor agreed with the Company that, the investor would subscribed the paid-in capital of the Company at a price equal to the purchase price as that of other investors of Series B+ Investment in the first year or at latest fair value if the subscription is completed after one year from the date of agreement. The latter investor executed the forward contract in November 2019 and paid the RMB40 million as the consideration.

On 23 October 2020, the Company entered into an investment agreement with several independent investors (the "**Series C Investment**"), pursuant to which the investors made a total investment of RMB180 million in the Company as consideration for subscription of the Company's paid-in capital of RMB889,221.

The key terms of the Series B Investment, Series B+ Investment and Series C Investment (collectively, the "**financial instruments issued to investors**") are summarised as follows:

— Liquidation preferences

In the event of any liquidation including deemed liquidation, dissolution or winding up of the Company, the investors of Series B shall be entitled to receive the amount equal to 120% original investment amount limited by the Company's net assets.

The investors of Series B+ and C shall be entitled to receive the amount equal to the higher of (i) and (ii) below and limited by the Company's net assets.

i the original investment amount plus per annum interest of 10% calculated on a simple basis; and

ii the net assets of the Company corresponding to its shareholding ratio.

— **Anti-dilution right**

If the Company increases its paid-in capital at a price lower than the price paid by the investors on a per paid-in capital basis, the investors have a right to require the Company to issue more new paid-in capital for nil consideration (or nominal consideration) to the investors, so that the total amount paid by the investors divided by the total amount of paid-in capital obtained is equal to the price per paid-in capital in the new issuance.

— **Redemption right**

The Series B and Series B+ Investment shall be redeemed by the Company, at the option of the investors, upon the occurrence of certain contingent events, including: (i) Qualified IPO has not been consummated by the 7th anniversary after completion of Series B Investment, or (ii) the Company fails to accomplish certain business commitments.

The investors of Series B and Series B+ Investment shall be entitled to receive the redemption amount equal to the higher of (i) and (ii) below.

i. the original investment amount plus per annum interest of 10% calculated on a simple basis; and

ii. the net assets of the Company corresponding to its shareholding ratio.

The investors of Series C Investment do not have such redemption right.

Presentation and classification

The Company recognised the financial instruments issued to investors (except for the forward contract element) as financial liabilities, because not all triggering payment events mentioned in the key terms above were within the control of the Company and these financial instruments did not meet the definition of equity for the Company. The financial liabilities were measured at the present value of the redemption amount and the related derivative liabilities were measured at fair value.

Any changes in the carrying amount of the financial liabilities were recorded in "changes in the carrying amount of financial instruments issued to investors" in the consolidated statement of profit or loss.

The movements of the financial liabilities element of the financial instruments issued to investors except forward contract are set out below:

	As at 31 December		As at 30 June
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
The Group and the Company			
At 1 January	278,772	368,038	—
Issue	60,000	180,000	—
Changes in the carrying amount	29,266	27,316	—
Reclassification to equity *(Note (ii))*	—	(575,354)	—
At 31 December/30 June	368,038	—	—

The movements of the forward contract element are set out below:

	As at 31 December		As at 30 June
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
The Group and the Company			
At 1 January	—	—	—
Changes in the carrying amount	11,679	—	—
Reclassification to equity as consideration for issuing paid-in capital *(Note (i))*	(11,679)	—	—
At 31 December/30 June	—	—	—

Notes:

(i) In 2019, the forward contract was executed, pursuant to which the investor made a total investment of RMB40 million to the Company as consideration for subscription of the Company's paid-in capital of RMB615,741.

(ii) In 2020, the Company entered into a supplementary investment agreement with investors of the Series B Investment, Series B+ Investment and Series C Investment, pursuant to which the investors agreed to waive liquidation preferences and redemption right. The directors of the Company considered that these financial instruments meet the definition of equity of the Company, and therefore these financial instruments were all reclassified from financial liabilities to equity.

23 EQUITY SETTLED SHARE-BASED TRANSACTION

A share option scheme was authorised since 2016 to incentivise employees. Certain options were vested immediately. The remaining options will be vested in three tranches, being 50% after two years and 25% after the third year and 25% after the fourth year from the date of grant and are then exercisable within a period of three years.

(a) The number and weighted average exercise prices of share options are as follows:

	As at 31 December 2019		As at 31 December 2020		As at 30 June 2021	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	RMB		*RMB*		*RMB*	
Outstanding at the beginning of the year/period	1.38	23,608,336	1.37	25,452,752	—	—
Forfeited during the year/period	1.65	(821,541)	1.37	(776,692)	—	—
Granted during the year/period	1.33	2,665,957	4.06	5,323,431	—	—
Exercised during the year/period	—	—	1.85	(29,999,491)	—	—
Outstanding at the end of the year/period	1.37	25,452,752	—	—	—	—
Exercisable at the end of the year/period	1.36	19,108,890	—	—	—	—

The options outstanding at the 31 December 2019 had a weighted average remaining contractual life of 4.46 years and an exercise price of RMB1.37 at 31 December 2019.

Pursuant to a resolution in November 2020 which cancelled service period requirements and the options were exercisable immediately.

(b) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial lattice model.

	2019	2020
Fair value at measurement date *(RMB)*	1.23/1.45/1.61	0.82/1.14/1.45
Share price *(RMB)*	2.05/2.32	2.32
Exercise price *(RMB)*	1.33	1.33/4.39
Expected volatility (expressed as weighted average volatility used in the modeling under binomial lattice model)	53%/54%	54%
Expected dividends	0%	0%
Risk-free interest rate	3.14%/3.23%	2.59%

24 CAPITAL AND RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity during the Relevant Periods is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity are set out below:

	Issued capital						
	Paid-in capital	Share capital	Share premium	Fair value reserve (non-recycling)	Other reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2019	7,393	—	—	—	(8,251)	(80,989)	(81,847)
Changes in equity for 2019:							
Loss for the year	—	—	—	—	—	(92,855)	(92,855)
Total comprehensive income	—	—	—	—	—	(92,855)	(92,855)
Paid in capital contributions from shareholders	3,571	—	—	—	—	—	3,571
Issuance of financial instruments to investors *(Note 22)*	924	—	—	—	59,076	—	60,000
Recognition of financial instruments issued to investors as current liabilities *(Note 22)*	—	—	—	—	(60,000)	—	(60,000)
Reclassification of financial instruments issued to investors as equity *(Note 22)*	—	—	—	—	11,679	—	11,679
Equity-settled share-based transactions	—	—	—	—	2,728	—	2,728
	4,495	—	—	—	13,483	—	17,978
At 31 December 2019	11,888	—	—	—	5,232	(173,844)	(156,724)

	Issued capital						
	Paid-in capital	Share capital	Share premium	Fair value reserve (non-recycling)	Other reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2020	11,888	—	—	—	5,232	(173,844)	(156,724)
Changes in equity for 2020:							
Loss for the year	—	—	—	—	—	(83,813)	(83,813)
Total comprehensive income	—	—	—	—	—	(83,813)	(83,813)
Paid in capital contributions from shareholders	2,933	—	—	—	—	—	2,933
Issuance of financial instruments to investors *(Note 22)*	889	—	—	—	177,696	—	178,585
Recognition of financial instruments issued to investors as current liabilities *(Note 22)*	—	—	—	—	(180,000)	—	(180,000)
Reclassification of financial instruments issued to investors as equity *(Note 22)*	—	—	—	—	575,354	—	575,354
Conversion into a joint stock company with limited liability *(Note 24(c))*	(15,710)	15,710	331,417	—	(565,431)	234,014	—
Issuance of ordinary shares	—	296	57,922	—	—	—	58,218
Capitalisation issue *(Note 24(c))*	—	58,994	(58,994)	—	—	—	—
Equity-settled share-based transactions	—	—	—	—	11,058	—	11,058
	(11,888)	75,000	330,345	—	18,677	234,014	646,148
At 31 December 2020	—	75,000	330,345	—	23,909	(23,643)	405,611

	Issued capital						
	Paid-in capital	Share capital	Share premium	Fair value reserve (non-recycling)	Other reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2021	—	75,000	330,345	—	23,909	(23,643)	405,611
Changes in equity for the six months ended 30 June 2021:							
Loss for the period	—	—	—	—	—	(42,815)	(42,815)
Total comprehensive income	—	—	—	—	—	(42,815)	(42,815)
Issuance of ordinary shares	—	3,981	234,818	—	—	—	238,799
Contributions from a shareholder	—	—	—	—	21,672	—	21,672
	—	3,981	234,818	—	21,672	—	260,471
At 30 June 2021	—	78,981	565,163	—	45,581	(66,458)	623,267

(b) Dividends

The directors of the Company did not propose the payment of any dividend during the Relevant Periods.

(c) Paid in capital/share capital

(i) Registered and paid-up capital

For the purpose of this report, the paid-in capital of the Group represents the paid-in capital of the Company before it was converted into a joint stock company with limited liability.

	RMB'000
At 1 January 2019	7,393
Paid in capital contributions from shareholders	3,571
Issuance of financial instruments to investors	924
At 31 December 2019 and 1 January 2020	11,888
Paid in capital contributions from shareholders	2,933
Issuance of financial instruments to investors	889
Conversion into a joint stock limited liability company *(Note (i))*	(15,710)
At 31 December 2020 and 30 June 2021	—

(ii) Issued share capital

	Number of ordinary shares	Amount
	'000	*RMB'000*
Issued and fully paid:		
At 1 January 2019 and 31 December 2019	—	—
Issue of ordinary shares upon conversion into a joint stock company with limited liability *(Note (i))*	15,710	15,710
Issuance of ordinary shares *(Note (ii))*	296	296
Capitalisation issue *(Note (iii))*	58,994	58,994
At 31 December 2020 and 1 January 2021	75,000	75,000
Issuance of ordinary shares *(Note (iv))*	3,981	3,981
At 30 June 2021	78,981	78,981

Notes:

(i) On 28 December 2020, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company as of the conversion base date, amounting to RMB347,127,000, were converted into 15,709,577 ordinary shares with nominal value of RMB1.00 each. The excess of net assets converted over nominal value of the ordinary shares was credited to the Company's share premium account.

(ii) On 29 December 2020, the Company entered into an investment agreement with several independent investors (the "**Series C+ Investment**"), pursuant to which the investors made a total investment of RMB60,000,000 in the Company as consideration for subscription of 296,407 shares of the Company.

(iii) On 29 December 2020, pursuant to the resolution passed by the equity shareholders of the Company, the Company converted RMB58,994,016 from share premium to share capital and issued 58,994,016 ordinary shares with nominal value of RMB1.00 each to its shareholders on a pro rata basis.

(iv) On 30 April 2021, the Company entered into an investment agreement with several independent investors (the "**Series D Investment**"), pursuant to which the investors made a total investment of US$38,000,000 in the Company as consideration for subscription of 3,981,225 shares of the Company.

(d) Nature and purpose of reserves

(i) Other reserve

Other reserve mainly represents the share premium contributed by the shareholders of the Company before its conversion into a joint stock company in December 2020, transaction costs incurred in connection with the financial instruments issued to investors, and grant date fair value of share options granted to employees of the Company that has been recognised in accordance with the accounting policy adopted for share-based payments in Note 2(p)(ii), contributions from shareholders, and the difference between the considerations of acquisition of equity interests from non-controlling equity owners and the carrying amount of the proportionate net assets.

As disclosed in Note 22, the financial instruments issued to investors did not meet the definition of equity for the Company. Therefore, the Company identified the financial instruments as liabilities and reclassified from other reserve to current liabilities. When all triggering payment events mentioned in the key terms were within the control of the Company, corresponding liabilities were reclassified from current liabilities to other reserve.

(ii) Share premium

The share premium represents the share premium contributed by the shareholders of the Company after its conversion into a joint stock company in December 2020 and proceeds received from the issuance of the shares of the Company.

(iii) Exchange reserve

Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations that have functional currency other than the RMB.

(iv) Fair value reserve (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under IFRS 9 that are held at the end of the reporting period (see Note 2(d)).

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost. The Group's overall strategy remained unchanged throughout the Relevant Periods.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes lease liabilities but excludes financial instruments issued to investors) less cash and cash equivalents. Adjusted capital comprises all components of equity and financial instruments issued to investors.

As at 31 December 2019 and 2020 and 30 June 2021, the Group's adjusted net debt-to-capital ratio was as follows:

		As at 31 December		As at 30 June
		2019	2020	2021
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Current liabilities:				
Lease liabilities	*19*	519	519	3,325
Non-current liabilities:				
Lease liabilities	*19*	—	—	1,722
Total debt		519	519	5,047
Less: Cash and cash equivalents	*16(a)*	(85,336)	(374,698)	(575,285)
Adjusted net debt		(84,817)	(374,179)	(570,238)
Total (deficit)/equity		(159,344)	408,450	631,473
Add: Financial instruments issued to investors	*22*	368,038	—	—
Adjusted capital		208,694	408,450	631,473
Adjusted net debt-to-capital ratio		N/A	N/A	N/A

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity and interest rate risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are state-owned banks or reputable commercial banks for which the Group considers to have low credit risk. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

(i) Trade receivables

The Group's exposure to credit risk arising from trade receivables is influenced mainly by the individual characteristics of each customer. The default risk of the industry or country in which the customers operate also has an influence on credit risk. As at 31 December 2019 and 2020 and 30 June 2021, 98%, 95% and 81% of the total trade receivables was due from the Group's top five customers. Trade receivables are generally due within 60 to 120 days from the date of billing.

The Group measures loss allowances for trade receivables at lifetime ECL. The Group determines ECL by using a provision matrix, estimated based on historical credit loss experience, the past default experience of the debtor, general economic conditions of the industry and country in which the debtors operates and an assessment of both the current and the forecast duration of condition as of the end of each reporting period. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2019 and 2020 and 30 June 2021:

	2019		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Current (not past due)	0.10%	12,676	(12)
1-180 days past due	0.20%	3,830	(8)
181-360 days past due	20.00%	33	(7)
Past due over 1 year	100.00%	—	—
		16,539	(27)

	31 December 2020		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*
Current (not past due)	0.40%	19,187	(76)
1-180 days past due	0.70%	399	(3)
181-360 days past due	30.00%	55	(17)
Past due over 1 year	100.00%	210	(210)
		19,851	(306)

	30 June 2021		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*
Current (not past due)	1.00%	20,792	(208)
1-180 days past due	8.50%	5,700	(484)
181-360 days past due	76.00%	236	(179)
Past due over 1 year	100.00%	255	(255)
		26,983	(1,126)

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	As at 31 December		As at 30 June
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Balance at 1 January	2	27	306
Impairment loss recognised during the year/period	27	299	899
Reversal of impairment loss	(2)	(20)	(79)
At 31 December/30 June	27	306	1,126

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	As at 31 December 2019					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables measured at amortised costs *(Note 17)*	21,771	—	—	—	21,771	21,771
Lease liabilities *(Note 19)*	529	—	—	—	529	519
Financial instruments issued to investors *(Note 22)*	368,038	—	—	—	368,038	368,038
	390,338	—	—	—	390,338	390,328

	As at 31 December 2020					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables measured at amortised costs *(Note 17)*	16,665	—	—	—	16,665	16,665
Lease liabilities *(Note 19)*	529	—	—	—	529	519
	17,194	—	—	—	17,194	17,184

	As at 30 June 2021					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables measured at amortised costs *(Note 17)*	28,914	—	—	—	28,914	28,914
Lease liabilities *(Note 19)*	3,505	1,753	—	—	5,258	5,047
	32,419	1,753	—	—	34,172	33,961

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group and the Company are primarily exposed to fair value interest rate risk in relation to lease liabilities, financial instruments issued to investors and cash flow risk in relation to variable-rate bank balances. The Group currently does not have an interest rate hedging policy to mitigate interest rate risk; nevertheless, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

The Company considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances and cash is insignificant because the current market interest rates are relatively low and stable.

(d) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of each reporting period on a recurring basis, categorized into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

— Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

— Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value at 31 December 2019	Fair value measurements as at 31 December 2019 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Financial assets:				
Wealth management products *(Note 12)*. . .	40,121	—	—	40,121

	Fair value at 31 December 2020	Fair value measurements as at 31 December 2020 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Financial assets:				
Unlisted equity securities *(Note 12)*	3,607	—	3,607	—

	Fair value at 30 June 2021	Fair value measurements as at 30 June 2021 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Financial assets:				
Unlisted equity securities *(Note 12)*	3,607	—	3,607	—

During the Relevant Periods, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of each of the reporting period in which they occur.

The fair value of unlisted equity securities is determined using recent transaction price.

Information about Level 3 fair value measurements:

	31 December 2019		31 December 2020		30 June 2021	
	Valuation techniques	Significant unobservable inputs	Valuation techniques	Significant unobservable inputs	Valuation techniques	Significant unobservable inputs
Wealth management products.	Discounted cash flow method	Interest return rate	N/A	N/A	N/A	N/A

Wealth management products

The fair values of wealth management products have been estimated using a discounted cash flow valuation model based on assumptions that are not supported by observable market prices or rates. The un-observable inputs are expected annual return rate fixed in the investment contracts. These expected annual return rates ranged from 2.85% to 4.01% as of 31 December 2019. The valuation requires the directors to make estimates about the expected future cash flows including expected future interest return on maturity of the wealth management products. The directors believe that the estimated fair values resulting from the valuation technique are reasonable, and that they were the most appropriate values at the end of reporting periods.

As of 31 December 2019, it is estimated that with all other variables held constant, an increase/decrease of expected annual return rate by 1% would have decreased/increased the Group's loss before taxation by RMB0.40 million.

	Wealth management products
	RMB'000
At 1 January 2019	80,000
Payment for purchases	485,000
Investment income from wealth management products	5,318
Redemption of investment	(530,197)
At 31 December 2019 and 1 January 2020	40,121
Payment for purchases	409,200
Investment income from wealth management products	2,494
Redemption of investment	(451,815)
At 31 December 2020 and 1 January 2021	—
Payment for purchases	550,000
Investment income from wealth management products	3,110
Redemption of investment	(553,110)
At 30 June 2021	—

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2019 and 2020 and 30 June 2021.

26 COMMITMENTS

Commitments for the purchase of fundus camera outstanding at 31 December 2019 and 2020 and 30 June 2021 not provided for in the financial statements were as follows:

	As at 31 December		As at 30 June
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Contracted for	—	—	20,464

27 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the historical financial information, the Group entered into the following significant related party transactions during the Relevant Periods:

(a) Key management personnel remuneration

Key management personnel are those persons holding positions with authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the Company's directors.

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8, and certain of the highest paid employees as disclosed in Note 9, is as follows:

	Year ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Short-term employee benefits	4,138	4,509	1,425	2,466
Post-employment benefits	306	24	24	154
Equity-settled share-based payment	1,734	2,038	445	—
	6,178	6,571	1,894	2,620

Total remuneration was included in "staff costs" (see Note 6(b)).

(b) During the Relevant Periods, transactions with the following parties are considered as related party transactions:

Name of party	Relationship with the Group
Beijing Airdoc Universe Technology Center (Limited Partnership) ("**Airdoc Universe**")	Controlled by a director
Gao Fei	Director
Ping An Insurance (Group) Company of China, Ltd.'s subsidiaries ("**Ping An Insurance Group's subsidiaries**")	Fellow subsidiary of a shareholder of the Company which has significant influence over the Company

(c) Significant transactions with related parties

The principal transactions which were carried out in the ordinary course of business are as follows:

	Year ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Trade nature				
Provision of AI-based software solutions	2,675	9,922	532	3,972
Non-trade nature				
Interest income from Airdoc Universe *(ii)*	17	624	434	—
New loan to Gao Fei *(i)*	200	—	—	—
New loan to Airdoc Universe *(ii)*	20,000	—	—	—

Notes:

(i) In December 2019, the Group provided an interest-free short-term loan of RMB200,000 to Gao Fei. The loan was repaid to the Group in March 2020.

(ii) In December 2019, the Group provided a short-term loan of RMB20,000,000 to Airdoc Universe with an interest rate at 4.35% per annum. The loan was repaid to the Group in September 2020.

(d) Balances with related parties as at the end of each reporting period:

Details of the outstanding balances with related parties are as follows:

	As at 31 December		As at 30 June
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
Trade nature			
Ping An Insurance Group's subsidiaries *(Note 14)*	2,504	7,045	1,041
Deposits, prepayments and other receivables			
Non-trade nature			
Gao Fei *(Note 15)*	1,550	—	—
Airdoc Universe *(Note 15)*	20,023	—	—
Trade nature			
Ping An Insurance Group's subsidiaries	30	30	30

28 ACQUISITION OF NON-CONTROLLING INTERESTS

In October 2020, Airdoc Shanghai acquired non-controlling interests of Airdoc Beijing at a consideration of RMB223,000, increasing its ownership from 51% to 80%.

In May 2021, Airdoc Beijing's non-controlling shareholder, Airdoc Beijing Technology Center (Limited Partnership) transferred the 20% equity interest in Airdoc Beijing to Airdoc Shanghai for nil consideration and Airdoc Beijing became a wholly-owned subsidiary of the Group.

29 INVESTMENT IN SUBSIDIARIES

The Company

	As at 31 December		As at 30 June
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Investment in subsidiaries, at cost	15,106	15,064	27,011

Particulars of the principal subsidiaries are set out in Note 1.

30 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE RELEVANT PERIODS

Up to the date of issue of this report, the IASB has issued a number of amendments, and a new standard, IFRS 17, Insurance contracts, which are not yet effective for the year ended 31 December 2021 and which have not been adopted in the historical financial information. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 3, Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16, Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to IAS 37, Onerous Contracts Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to IFRSs 2018-2020 Cycle	1 January 2022
IFRS 17, Insurance Contracts and amendments to IFRS 17, Insurance Contracts	1 January 2023
Amendments to IAS 1, Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IFRS 4, Extension of the temporary exemption from applying IFRS 9	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2, Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8, Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined*

* The effective date for these amendments was deferred indefinitely. Early adoption continues to be permitted.

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

31 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On 9 July 2021, the Company established a subsidiary, Shenzhen Zhongyou Health Technology Co., Ltd., in the PRC with a registered capital of RMB100,000. Shenzhen Zhongyou Health Technology Co., Ltd. has been wholly owned by the Company since its establishment and mainly engages in R&D and sales of health risk assessment solutions.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to 30 June 2021.

The following information does not form part of the Accountants' Report from KPMG, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I, and is included for information purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" and the Accountants' Report set out in Appendix I.

(A) UNAUDITED PRO FORMA STATEMENT OF CONSOLIDATED ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of consolidated adjusted net tangible assets of our Group is prepared in accordance with paragraph 4.29 of the Listing Rules and is set out below for the purpose of illustrating the effect of the Global Offering on the consolidated adjusted net tangible assets attributable to equity shareholders of the Company as if it had taken place on 30 June 2021.

The unaudited pro forma statement of consolidated adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of our Group had the Global Offering been completed as at 30 June 2021 or at any future.

	Consolidated adjusted net tangible assets attributable to equity shareholders of the Company as at 30 June 2021[(i)]	**Estimated net proceeds from the Global Offering [(ii)]**	**Unaudited pro forma consolidated adjusted net tangible assets attributable to equity shareholders of the Company**	**Unaudited pro forma consolidated adjusted net tangible assets attributable to equity shareholders of the Company per share [(iii)]**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$[(iv)]*
Based on an Offer Price of HK$75.1 per offer share	631,473	1,297,119	1,928,592	18.62	22.53
Based on an Offer Price of HK$81.3 per offer share	631,473	1,406,662	2,038,135	19.68	23.81

Notes:

(i) The consolidated adjusted net tangible assets attributable to equity shareholders of the Company as at 30 June 2021 is based on the consolidated adjusted net assets of our Group of RMB631.5 million as at 30 June 2021 as extracted from the Accountants' Report as set out in Appendix I in this prospectus.

(ii) The estimated net proceeds from the Global Offering are based on the indicative Offer Prices of HK$75.1 per offer share (being the lower end of the Offer Price range) and HK$81.3 per Offer share (being the higher end of the Offer Price range), and 22,267,200 shares expected to be issued under the Global Offering, after deduction of the underwriting fees and other related listing expenses payable by the Group (excluding any expenses that have been charged to profit or loss during the Track Record Period) and does not take into account any shares which may be issued upon the exercise of the Over-allotment Option and excluding any shares which may be issued or repurchased by the Company pursuant to the general mandates.

The estimated net proceeds from the Global Offering is converted into Renminbi at an exchange rate of HK$1.2098 to RMB1. No representation is made that Hong Kong dollar amounts have been, could have been or may be converted to Renminbi, or vice versa, at that rate or at any other rate or at all.

(iii) The unaudited pro forma consolidated adjusted net tangible assets attributable to equity shareholders of the Company per share is arrived at after adjusting for the estimated net proceeds from the Global Offering as described in note (ii) and on the basis that a total of 103,568,013 shares were in issue assuming that the Global Offering had been completed on 30 June 2021, but not taking into account of the exercise of the Over-allotment Option, and excluding any shares which may be issued or repurchased by the Company pursuant to the general mandates.

(iv) The unaudited pro forma consolidated adjusted net tangible assets attributable to equity shareholders of the Company per share is converted into Hong Kong dollars at an exchange rate of HK$1.2098 to RMB1. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate or at any other rate or at all.

(v) No adjustment has been made to the unaudited pro forma consolidated adjusted net tangible assets attributable to equity shareholders of the Company to reflect any trading results or other transactions of the Group subsequent to 30 June 2021.

(B) REPORT FROM OUR REPORTING ACCOUNTANTS

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this prospectus.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF BEIJING AIRDOC TECHNOLOGY CO., LTD.

We have completed our assurance engagement to report on the compilation of pro forma financial information of Beijing Airdoc Technology Co., Ltd. (the "**Company**") and its subsidiaries (collectively the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma statement of consolidated adjusted net tangible assets as at 30 June 2021 and related notes as set out in Part A of Appendix II to the prospectus dated 26 October 2021 (the "**Prospectus**") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed offering of the ordinary shares of the Company (the "**Global Offering**") on the Group's financial position as at 30 June 2021 as if the Global Offering had taken place at 30 June 2021. As part of this process, information about the Group's financial position as at 30 June 2021 has been extracted by the Directors from the Group's historical financial information included in the Accountants' Report as set out in Appendix I to the Prospectus

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The 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 pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("**HKSAE**") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of 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 events or transactions as at 30 June 2021 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our procedures on the pro forma financial information have not been carried out in accordance with attestation standards or other standards and practices generally accepted in the United States of America, auditing standards of the Public Company Accounting Oversight Board (United States) or any overseas standards and accordingly should not be relied upon as if they had been carried out in accordance with those standards and practices.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

Opinion

In our opinion:

(a) the pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

KPMG
Certified Public Accountants
Hong Kong

26 October 2021

TAXATION ON DIVIDENDS

Individual Investors

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法 》) (the "**IIT Law**"), which was last amended on August 31, 2018 and came into effect on January 1, 2019 and the Implementation Provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法實施條例》), which was last amended on December 18, 2018 and came into effect on January 1, 2019, for individual income including interest, dividend and bonus, shall pay individual income tax with applicable proportional tax rate of 20%. Unless otherwise provided by the competent financial and taxation authorities under the State Council, all the interest, dividend and bonus are deemed as derived from the PRC whether the payment place is in the PRC. Pursuant to the Circular on Certain Issues Concerning the Policies of Individual Income Tax (《關於個人所得税若干政策問題的通知》) promulgated by the Ministry of Finance and the State Administration of Taxation on May 13, 1994, overseas individuals are exempted from the individual income tax for dividends or bonuses received from foreign-invested enterprises.

Pursuant to the Notice of the State Taxation Administration on Issues Concerning Taxation and Administration of Individual Income Tax After the Repeal of the Document (Guo Shui Fa [1993] No. 45)(《國家税務總局關於國税發[1993]045號文件廢止後有關個人所得税徵管問題的通知》) issued by the State Taxation Administration (the "**STA**") on June 28, 2011, domestic non-foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividends to overseas resident individuals in the jurisdiction of the tax treaty, normally withhold individual income tax at the rate of 10%. For the individual holders of H Shares receiving dividends who are citizens of countries that have entered into a tax treaty with the PRC with tax rates lower than 10%, the non-foreign-invested enterprise whose shares are listed in Hong Kong may apply on behalf of such holders for enjoying the lower preferential tax treatments, and, upon approval by the tax authorities, the excessive withholding amount will refunded. For the individual holders of H Shares receiving dividends who are citizens of countries that have entered into a tax treaty with the PRC with tax rates higher than 10% but lower than 20%, the non-foreign-invested enterprise is required to withhold the tax at the agreed rate under the treaties, and no application procedures will be necessary. For the individual holders of H Shares receiving dividends who are citizens of countries without taxation treaties with the PRC or are under other situations, the non-foreign-invested enterprise is required to withhold the tax at a rate of 20%.

Enterprise Investors

In accordance with the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》) (the "**EIT Law**"), which was amended on December 29, 2018 and became effective on the same date, and the Implementation Provisions of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》), which was last amended on April 23, 2019 and became

effective on the same date, a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares in Hong Kong), if such non-resident enterprise does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for non-resident enterprises are deducted at source, where the payer of the income are required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due.

The Circular on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897), which was issued by the SAT on November 6, 2008, further clarified that a PRC-resident enterprise must withhold corporate income tax at a rate of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares. In addition, the Response to Questions on Levying Corporate Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B Shares (《關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》) (Guo Shui Han [2009] No. 394), which was issued by the SAT and came into effect on July 24, 2009, further provides that any PRC-resident enterprise whose shares are listed on overseas stock exchanges must withhold and remit corporate income tax at a rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprises. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has entered into with a relevant jurisdiction, where applicable.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), which was signed on August 21, 2006, the Chinese Government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the Chinese company. If a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, then such tax shall not exceed 5% of the total dividends payable by the Chinese company if the Hong Kong resident is the beneficial owner of the equity and certain other conditions are met. The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《〈內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排〉第五議定書》), which came in to effect on December 6, 2019, adds a criteria for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where relevant gains, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the

arrangement or transactions which will bring any direct or indirect benefits under the Arrangement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements is subject to the requirements of PRC tax law documents, such as the Notice of the State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) (Guo Shui Han [2009] No. 81).

Tax Treaties

Non-PRC resident investors residing in countries and regions which have entered into treaties or arrangements for the avoidance of double taxation with the PRC or residing in Hong Kong or Macau are entitled to a reduction of the withholding taxes imposed on the dividends received from PRC companies. The PRC currently has entered into Avoidance of Double Taxation Treaties or Arrangements with a number of countries and regions including Hong Kong, Macau, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant income tax treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the withholding tax in excess of the agreed tax rate, and the refund payment is subject to approval by the Chinese tax authorities.

TAXATION ON SHARE TRANSFER

Value-Added Tax and Local Surcharges

Pursuant to the Notice on the Full Implementation of Pilot Program for Transition from Business Tax to VAT (《關於全面推開營業稅改徵增值稅試點的通知》) (Cai Shui [2016] No. 36) (the "**Circular 36**"), which was implemented on May 1, 2016, entities and individuals engaged in sales of services within the PRC shall be subject to VAT and sales of services within the PRC refers to the situation where either the seller or the buyer of a taxable service is located within the PRC. Circular 36 also provides that transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to VAT at 6% on the taxable income (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT taxpayer. However, individuals are exempt from VAT upon transfer of financial products.

Meanwhile, VAT taxpayers are also subject to urban maintenance and construction tax, education surcharge and local education surcharge (collectively, the "**local surcharges**"), which is usually at 12% of the VAT payable, if any.

Individual Investor

According to the IIT Law and its implementation provisions, gains realized on the sale of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%.

Pursuant to the Circular of Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》) (Cai Shui Zi [1998] No. 61) issued by the MOF and the State Administration of Taxation on March 30, 1998, from January 1, 1997, income of individuals from transfer of the shares of listed enterprises continues to be exempted from individual income tax. On December 31, 2009, the MOF, the State Administration of Taxation and CSRC jointly issued the Circular on Related Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得税有關問題的通知》) (Cai Shui Zi [2009] No. 167), which became effective on January 1, 2010, states that individuals' income from the transfer of listed shares on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restriction (as defined in the Supplementary Notice on Issues Concerning the Levy of Individual Income Tax on Individuals' Income from the Transfer of Restricted Stocks of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得税有關問題的補充通知》) (Cai Shui [2010] No. 70) jointly issued by the above three departments on November 10, 2010).

As of the Latest Practicable Date, no aforesaid provisions had expressly provided that whether individual income tax shall be levied from non-Chinese resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges. To the knowledge of the Company, in practice, the PRC tax authorities have not levied income tax from non-PRC resident individuals on gains from the transfer of PRC resident enterprises listed on overseas stock exchange. However, there is no assurance that the PRC tax authorities will not change these practices which could result in levying income tax on non-PRC resident individuals on gains from the sale of H shares.

Enterprise Investors

In accordance with the EIT Law and its implementation provisions, a non-resident enterprise is generally subject to corporate income tax at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises are deducted at source, where the payer of the

income is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

Stamp Duty

Pursuant to the Provisional Regulations of the PRC on Stamp Duty (《中華人民共和國印花税暫行條例》), which came into effect on October 1, 1988 and last amended on January 8, 2011, and the Implementation Provisions of Provisional Regulations of the PRC on Stamp Duty (《中華人民共和國印花税暫行條例施行細則》), which came into effect on October 1, 1988, PRC stamp duty only applies to specific proof executed or received within the PRC, having legally binding force in the PRC and protected under the PRC laws, thus the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies shall not apply to the acquisition and disposal of H Shares by non-PRC investors outside of the PRC.

Estate Duty

As of the date of this prospectus, the PRC does not impose any estate duty.

MAJOR TAXES ON THE COMPANY IN THE PRC

Enterprise Income Tax Law

According to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法》) (the "**Enterprise Income Tax Law**"), which was amended on December 29, 2018 and became effective on the same date and the Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法實施條例》) (Order No. 714 of the State Council), which was amended on April 23, 2019 and became effective on the same date, the applicable enterprise income tax rate of both domestic and foreign-funded enterprises shall be 25%. Enterprises are classified into resident and non-resident enterprises. A resident enterprise shall pay enterprise income tax on its incomes derived from both inside and outside China. The enterprise income tax rate shall be 25%. For a non-resident enterprise having offices or establishments inside China, it shall pay enterprise income tax on its incomes derived from China as well as on incomes that it earns outside China but which has real connection with the said offices or establishments. The enterprise income tax rate shall be 25%. For a non-resident enterprise having no office or establishment inside China, or for a non-resident enterprise whose incomes have no actual connection to its office or establishment inside China, it shall pay enterprise income tax on the incomes derived from China. The enterprise income tax rate shall be 10%.

Value-Added Tax

According to the Interim Regulations of the PRC on Value-Added Tax (《中華人民共和國增值税暫行條例》) which was promulgated by the State Council on December 13, 1993, and amended on November 10, 2008, February 6, 2016 and November 19, 2017, and the Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值税暫行條例實施細則》) which was promulgated by the Ministry of Finance on December 25, 1993 and subsequently amended on December 15, 2008 and October 28, 2011 (collectively, the "**VAT Law**"), all enterprises and individuals that engage in the sale of goods, the provision of processing, repair and replacement services, sales of service, intangible assets and real estate and the importation of goods within the territory of the PRC shall pay value-added tax at the rate of 0%, 6%, 11% and 17% for the different goods it sells and different services it provides, except when specified otherwise.

According to the Notice on the Adjustment to VAT Rates (《關於調整增值税税率的通知》) (Cai Shui [2018] No. 32), promulgated by the MOF and the State Administration of Taxation on April 4, 2018 and became effective as of May 1, 2018, the VAT rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值税改革有關政策的公告》(2019 No. 39 of MOF, State Administration of Taxation and General Administration of Customs), promulgated by the MOF, the State Administration of Taxation and the General Administration of Customs on March 20, 2019 and became effective on April 1, 2019, the VAT rates of 16% and 10% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

Shenzhen-Hong Kong Stock Connect Taxation Policy

On November 5, 2016, the Ministry of Finance, the State Taxation Administration and the China Securities Regulatory Commission jointly promulgated the Circular on the Relevant Taxation Policy regarding the Pilot Inter-connected Mechanism for Trading on the Shenzhen Stock Market and the Hong Kong Stock Market (《關於深港股票市場交易互聯互通機制試點有關税收政策的通知》) (the "**SZHK Stock Connect Tax Policies**"), which clearly set forth tax policies applicable to transactions via SZHK Stock Connect and took effect on December 5, 2016.

According to the SZHK Stock Connect Tax Policies, during China's pilot fiscal reform, the spread gained by mainland individual investors arising from the trade of shares on the Stock Exchange through the SZHK Stock Connect shall be exempted from VAT during China's pilot fiscal reform where the business tax is to be replaced by VAT. The dividends obtained by mainland

individual investors from the listing of H-shares on the Stock Exchange via SZHK Stock Connect shall be subject to 20% personal income tax, provided that the H-share companies shall submit application to China Securities Depository and Clearing Corporation Limited ("**CSDC**"), after which CSDC will furnish them with a roster of the mainland individual investors, and the H-share companies shall withhold personal income tax at a rate of 20%. If, however, dividends are generated from the listing of non-H-shares on the Stock Exchange via SZHK Stock Connect, such personal income tax at the rate of 20% will be deducted by CSDC. In case the individual investors have paid taxes in advance in other jurisdictions by withdrawal in advance, the investors may apply for tax exemption to the tax authority in charge of CSDC by producing tax payment proofs. Dividends gained by mainland securities investment funds via investing in shares listed on the Stock Exchange via SZHK Stock Connect shall be subject to personal income tax according to the aforementioned provisions (as if they are individual investors).

According to the SZHK Stock Connect Tax Policies, gains received by mainland corporate investors in the PRC from their transfer of shares that they have invested in the shares listed in the Stock Exchange via SZHK Stock Connect shall be included in their total revenues and subject to company income tax, and if it is the mainland governmental bodies that earn incomes through trading shares listed on the Stock Exchange via SZHK Stock Connect, these incomes are exempted from VAT as they are now during the pilot period of replacement of business tax by VAT. If mainland company investors gain dividends through investment in shares listed on the Stock Exchange via SZHK Stock Connect, such dividends shall be calculated in the total revenue of the companies and will be subject to income tax accordingly, in which case, a mainland domiciled company legally holding H shares for no less than 12 consecutive months will be exempted from company income tax for the amounts earned from the H shares during such 12-month period, while in case of a H-share company listed on the Stock Exchange, the company shall apply to CSDC, who will provide to it the roster of mainland company investors, upon which the H-share company refrains from deducting income tax from the dividends, and payable income tax shall be declared and paid by the investors themselves; when declaring company income tax, if a mainland company investor has any tax imposed on the dividends deducted by a non-H-share company listed on the Stock Exchange, the investor may apply for tax offset.

According to the SZHK Stock Connect Tax Policies, in case that any mainland investor trades, inherits or gives as gift shares listed on the Stock Exchange, stamp tax will be imposed thereon according to the tax law currently prevalent in Hong Kong SAR, and the both CSDC and Hong Kong Securities Clearing Company Limited may collect the stamp tax on behalf of one another.

TAXATION IN HONG KONG

Tax on Dividends

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by us.

Capital Gains and Profit Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of H Shares. However, trading gains from the sale of the H Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. Certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment purposes. Trading gains from sales of H Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H Shares effected on the Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp Duty

Hong Kong stamp duty will be charged on the sale and purchase of Shares at the current rate of 0.26% of the consideration for, or (if greater) the value of, the Shares being sold or purchased, whether or not the sale or purchase is on or off the Stock Exchange. The Shareholder selling the Shares and the purchaser will each be liable for one-half of the amount of Hong Kong stamp duty payable upon such transfer. In addition, a fixed duty of HK$5 is currently payable on any instrument of transfer of Shares.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong, pursuant to which no Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application of a grant of representation in respect of holders of H Shares whose deaths occur on or after February 11, 2006.

FOREIGN EXCHANGE

The lawful currency of the PRC is Renminbi, which is currently subject to foreign exchange control and cannot be freely converted into foreign currency. The SAFE, with the authorization of the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

On January 29, 1996, the State Council promulgated the Regulations of the PRC on Foreign Exchange Control (《中華人民共和國外匯管理條例》) (the "**Foreign Exchange Control Regulations**") and it came into effect on April 1, 1996. The Foreign Exchange Control Regulations classifies all international payments and transfers into current items and capital items. Most of the current items are not subject to the approval of foreign exchange administration agencies, while capital items are subject to the approval of foreign exchange administration agencies. The Foreign Exchange Control Regulations were subsequently amended on January 14, 1997 and came into effect on August 5, 2008. According to the latest amendment to the Foreign Exchange Control Regulations, PRC will not impose any restriction on international current payments and transfers under current items.

The Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by PBOC on June 20, 1996 and effective on July 1, 1996 does not impose any restrictions on convertibility of foreign exchange under current items, while imposing restrictions on foreign exchange transactions under capital account items.

According to the Announcement on Improving the Reform of the Renminbi Exchange Rate Formation Mechanism (《關於完善人民幣匯率形成機制改革的公告》), which was issued by the PBOC and implemented on July 21, 2005, the PRC has started to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies since July 21, 2005. Therefore, the Renminbi exchange rate was no longer pegged to the U.S. dollar. PBOC would publish the closing price of the exchange rate of the Renminbi against trading currencies such as the U.S. dollar in the interbank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against Renminbi transactions on the following working day.

According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at financial institutions that carries foreign exchange business or operating institutions that carries settlement and sale business, on the strength of valid receipts and proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are

required to pay dividends to their shareholders in foreign exchange may, on the strength of resolutions of the board of directors or the shareholders' meeting on the distribution of profits, effect payment from foreign exchange accounts opened at financial institutions that carries foreign exchange business or institutions that carries settlement and sale business, or effect exchange and payment at financial institutions that carries foreign exchange business or institutions that carries settlement and sale business.

On October 23, 2014, the State Council issued the Decision of the State Council on Canceling and Adjusting a Group of Administrative Approval Items and Other Matters (《國務院關於取消和調整一批行政審批項目等事項的決定》) (Guo Fa [2014] No. 50), which canceled the administrative approval by the SAFE and its branches for matters concerning the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing.

On December 26, 2014, the SAFE issued the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) (Hui Fa [2014] No. 54). Pursuant to the notice, a domestic company shall, within 15 business days of the date of the end of its overseas listing issuance, register the overseas listing with the Administration of Foreign Exchange at the place of its establishment; the proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the document and other disclosure documents. A domestic company (except for bank financial institutions) shall present its certificate of overseas listing to open a "special account for overseas listing of domestic company" at a local bank for its initial public offering (or follow-on offering) and repurchase business to handle the exchange, remittance and transfer of funds for the business concerned.

According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (Hui Fa [2015] No. 13) promulgated by the SAFE on February 13, 2015 and imposed on June 1, 2015, two of the administrative examination and approval items, being the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment have been canceled. Instead, banks shall directly examine and handle foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment, and the SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Notice of the State Administration of Foreign Exchange of the PRC on Revolutionize and Regulate Capital Account Settlement Management Policies (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (Hui Fa [2016] No. 16) issued by the SAFE and came into effect on June 9, 2016, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of foreign exchange capital, foreign loans and raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjustment of the SAFE in due time in accordance with international revenue and expenditure situations.

On January 26, 2017, the SAFE issued the Notice of the State Administration of Foreign Exchange on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》) (Hui Fa [2017] No. 3) to further expand the scope of settlement for domestic foreign exchange loans, allow settlement for domestic foreign exchange loans with export background under goods trading, allow repatriation of funds under domestic guaranteed foreign loans for domestic utilization, allow settlement for domestic foreign exchange accounts of foreign institutions operating in the Free Trade Pilot Zones, and adopt the model of full-coverage RMB and foreign currency overseas lending management, where a domestic institution engages in overseas lending, the sum of its outstanding overseas lending in RMB and outstanding overseas lending in foreign currencies shall not exceed 30% of its owner's equity in the audited financial statements of the preceding year.

This Appendix sets forth summaries of certain aspects of PRC laws and regulations which are relevant to the Company's operations and business. Laws and regulations relating to taxation in the PRC are discussed separately in "Appendix III — Taxation and Foreign Exchange."

PRC LAWS AND REGULATIONS

This Appendix contains a summary of laws and regulations on companies and securities in the PRC, certain major differences between the PRC Company Law and Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Companies Ordinance as well as the additional regulatory provisions of the Stock Exchange on joint stock limited companies of the PRC. The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulations applicable to us. This summary is with no intention to include all the information which may be important to the potential investors. For discussion of laws and regulations specifically governing the business of the Company, see "Regulatory Overview."

THE PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the "**Constitution**") and is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of departments of the State Council, rules and regulations of local governments, international treaties of which the PRC government is a signatory, and other regulatory documents. Court verdicts may be used as judicial reference and guidance. However, they do not constitute binding precedents.

Pursuant to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》) (the "**Legislation Law**"), the National People's Congress (the "**NPC**") of the People's Republic of China and the Standing Committee of the NPC (the "**NPCSC**") are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend the basic laws governing criminal and civil matters, State institutions and other matters. The Standing Committee of the NPC is empowered to formulate and amend laws other than those required by to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during its adjournment, provided that such supplements and amendments shall not be in conflict with the principles of such laws.

The State Council is the highest administrative organs of the state, and enacts administrative regulations under the Constitution and laws.

People's congresses of provinces, autonomous regions and municipalities directly under the central government and their respective standing committees may formulate local regulations based on the specific circumstances and requirements of the local administrations, provided that such local regulations shall not be in conflict with the constitution, laws, and administrative regulations.

The ministries, commissions, the PBOC, National Audit Office and institutions with administrative functions directly under the State Council may formulate rules and regulations within the jurisdiction of their respective departments based on the laws and the administrative regulations, decisions and rulings of the State Council. Provisions of departmental rules and regulations shall be formulated for the purpose of the enforcement of the laws and administrative regulations, decisions and rulings of the State Council.

The Constitution, enacted by the NPC, is basis of the PRC legal system and has supreme legal authority, and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The significance of laws is greater than that of administrative regulations, local regulations, and rules. The significance of administrative regulations is greater than that of local regulations and rules. The significance of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The significance of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the comparatively larger cities within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but which contravene the Constitution or the Legislation Law. The Standing Committee of the NPC has the power to annul any local regulation that contravenes the Constitution, laws or administrative regulations, and to annul any autonomous regulation or separate regulations which has been approved by the standing committees of the NPC of the relevant provinces, autonomous regions or municipalities directly under the central government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congress of provinces, autonomous regions or municipalities directly under the central government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at the lower level.

According to the Constitution, the authority of the interpretation of laws shall be vested to the Standing Committee of the NPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加强法律解釋工作的決議》) passed on June 10, 1981, interpretation on the application of laws and decrees in court trails and the procuratorial work of the procuratorates shall be given by the Supreme People's Court and the Supreme People's Procuratorate, respectively. Interpretation of the laws and decrees unrelated to trials and procuratorial work shall be given by the State Council and the competent ministries. In the case that clarification or additional provisions shall be made for the local regulations, the standing committees of the people's congresses of provinces, autonomous regions and municipalities directly under the central government which enacted such regulations shall give the interpretation or formulate the additional provisions. Interpretation on the application of local regulations shall be given by the competent departments under the people's government of the respective provinces, autonomous regions and municipalities directly under the central government.

PRC JUDICIAL SYSTEM

Under the Constitution and the Law of the PRC of Organization of the People's Courts (《中華人民共和國人民法院組織法》) which was enacted on July 5, 1979 and last amended on October 26, 2018 and took effect on January 1, 2019, the judicial system in PRC is made up of the Supreme People's Court, the local people's courts, military courts and other special people's courts.

The local people's courts at all levels are comprised of the primary people's courts, the intermediate people's courts and the higher people's courts. The primary people's courts may set up civil, criminal and economic tribunals. The intermediate people's court has similar structure with the primary people's court, and can set up other tribunals, such as intellectual property tribunal when necessary. Special people's courts include military courts, maritime courts, intellectual property courts, financial courts, etc.

The higher level of people's court supervises the trial work of the people's court at a lower level. The people's Procuratorate also has the right to exercise legal supervision over the proceedings of the people's court at the same level or at a lower level. The Supreme People's Court is the highest judicial organ in China and supervises the trial work of local people's courts at all levels and special people's courts.

The people's courts adopt a "second instance as final" appellate system in the trail of the cases. A party to the case concerned may appeal against the judgment and ruling of the first instance by the local people's courts to the people's courts at the next higher level in accordance with the legal procedures. The people's procuratorates may appeal to the people's court at the next

higher level in accordance with the legal procedures. In the absence of any appeal by any parties to the case concerned or any appeal by the people's procuratorates within the stipulated period, the judgment and ruling of the first instance by the local people's courts shall be final and legally binding. Judgments and rulings of the second instance of the intermediate people's courts, the higher people's courts and Supreme People's Court and the judgments and rulings of the first instance of the Supreme People's Court shall be the final judgments and rulings. If, however, the Supreme People's Court or a people's court at a higher level finds an error in a judgment which has been given in any people's court at a lower level, or the presiding judge of a people's court finds an error in a judgment which has been given in the court over which he presides, the case may then be retried according to the judicial supervision procedures. The death penalty shall be reported to the Supreme People's Court for approval unless it is otherwise adjudged by the Supreme People's Court.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (the "**PRC Civil Procedure Law**"), which was adopted on April 9, 1991 and last amended on June 27, 2017 and became effective on July 1, 2017, sets forth the criteria for instituting a civil case, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the PRC Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by an express agreement, select a competent court where civil actions may be brought, provided that the competent court has jurisdiction over either the plaintiff's or the defendant's place of residence, the place of execution or performance of the contract, the object of the action or locations which have substantial connections with the dispute. However, such selection cannot violate the stipulations of hierarchical jurisdiction and exclusive jurisdiction in any case.

A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may impose the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgment or order made by a people's court or an award granted by an arbitration panel in the PRC, the other party may apply to the people's court to request for enforcement of the judgment, order or award. There are time limits imposed on the right to apply for such enforcement and the time limit is two years. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, mandatorily enforce the judgment.

A party seeking to enforce a judgment or order of a people's court against a party who is not located within the PRC and does not own any property in the PRC, may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or order. In the case of an application or request for recognition and enforcement of a legally effective judgment or order of a foreign court, the people's court shall, after having examined it in accordance with the international treaties entered into or acceded to by the PRC or with the principle of reciprocity and having arrived at the conclusion that it does not contravene the primary principles of the laws of the PRC nor violates its sovereignty, security or social and public interests, recognize the validity of the judgment or order, and, if required, issue a writ of enforcement and enforce it in accordance with the relevant regulations. If the application or request contravenes the primary principles of the laws of the PRC or violates its sovereignty, security or social and public interests, the people's court shall not recognize and enforce it.

THE COMPANY LAW, SPECIAL REGULATIONS AND MANDATORY PROVISIONS OF PRC

The PRC Company Law (《中華人民共和國公司法》) which was promulgated on December 29, 1993 by the Standing Committee of the NPC, last amended and came into effect on October 26, 2018 regulates the organization and operation of companies and protects the legitimate rights and interests of companies, shareholders and creditors. The amendment to the PRC Company Law in 2013 has canceled the restriction on the minimum registered capital and replaced the registered paid-up share capital system by the registered subscribed capital system.

The Special Regulations were promulgated by the State Council, and took effect on August 4, 1994. The Special Regulations are formulated according to the then applicable Article 85 and Article 155 of the PRC Company Law (1993) in respect of the overseas share subscription and listing of joint stock limited companies. According to the Official Reply of the State Council on the Proposed Adjustment to the Provisions Concerning Matters Including the Notice Period for Convention of Shareholders' Meetings by Overseas Listed Companies (《關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆》) (the "**Circular 97**") issued on October 17, 2019, the notice period for a shareholders' meeting, the shareholder proposal right, and the procedures for convening a shareholders' meeting, for those joint stock companies established within the territory of China but listed outside the territory of China should be governed by the relevant provisions of the PRC Company Law, and the provisions laid down in Article 20 through Article 22 of the Special Regulations will no longer apply to the aforesaid matters.

The Mandatory Provisions were promulgated and implemented by the former Securities Commission of the State Council and the former State Economic System Restructuring Commission on August 27, 1994, prescribing provisions which must be incorporated into the articles of association of joint stock limited companies to be listed overseas. Therefore, the Mandatory Provisions have been incorporated into the Articles of Association.

Main provisions in PRC Company Law, Special Regulations and Mandatory Provisions are summarized as follows:

General Provisions

A joint-stock limited liability company is a corporate legal person incorporated under the PRC Company Law, whose registered capital is divided into shares of equal nominal value. The liability of its shareholders is limited to the extent of the shares held by them, and the liability of the company is limited to the full amount of all the assets owned by it.

A company must conduct its business in accordance with laws as well as public and commercial ethics. A company may invest in other limited liability companies. The liabilities of the company to such invested companies are limited to the amount invested. Unless otherwise provided by laws, a company cannot be the capital contributor who has the joint and several liabilities associated with the debts of the invested enterprises.

Incorporation

A company may be incorporated by promotion or public subscription. A company may be incorporated by 2 to 200 promoters, but at least half of the promoters must reside in the PRC. A company incorporated by promotion is the one with registered capital entirely subscribed for by the promoters. Where a company is incorporated by public subscription, unless otherwise provided, the promoters are required to subscribe for not less than 35% of the total shares of the company, and the remaining shares can be offered to the public or specific parties.

The PRC Company Law provides that for companies incorporated by way of promotion, the registered capital shall be the total capital subscribed for by all promoters as registered with the relevant administrative bureau for industry and commerce. Shares in the company shall not be offered to others unless the registered capital has been fully paid up.

For companies incorporated by way of public subscription, the registered capital is the amount of total paid-up capital as registered with the relevant administrative bureau for industry and commerce. The promoters shall subscribe in writing for the shares required to be subscribed

for by them and pay up their capital contributions under the articles of association. Procedures relating to the transfer of titles to non-monetary assets shall be duly completed in accordance with laws if such assets are to be contributed as capital.

The latest revision of the PRC Company Law no longer imposes restrictions on minimum amount or requirements for payment deadlines of paid-up registered capital. However, if there are laws, administrative regulations and other decisions imposed by the State Council provide for payment deadlines of paid-up registered capital or the minimum registered capital of a limited liability company or a joint stock limited company, such laws, administrative regulations and requirements shall prevail.

The promoters shall convene a founding meeting within 30 days after the issued shares have been completely paid up. The founding meeting may be convened only with the presence of promoters and subscribers holding shares representing more than 50% of the total issued shares of the company. Matters to be dealt with at the founding meeting include passing the draft articles of association proposed by the promoters and electing the members of board of directors and the board of supervisors of the company. Any resolution of the meeting shall be approved by subscribers with more than half of the voting rights of those present at the meeting.

Within 30 days after the conclusion of the founding meeting, the board of directors shall apply to the registration authority for registration of the incorporation of the company. A company is formally established and has the qualification of a legal person once the registration has been approved by the relevant administrative bureau for industry and commerce and a business license has been issued.

The promoters of a company shall individually and jointly be liable for the payment of all expenses and liabilities incurred in the incorporation process if the company cannot be incorporated, the repayment of subscription monies to the subscribers together with interest at bank rates for a deposit of the same term if the company cannot be incorporated, and damages suffered by the company as a result of the default of the promoters in the course of incorporation of the company.

Share Capital

The promoters of a company may make capital contributions in cash, or in kind that can be valued in currency and transferable according to laws such as intellectual property rights or land-use rights based on their appraised value.

There is no limit under the PRC Company Law as to the percentage of shares held by an individual shareholder in a company. If capital contribution is made other than in cash by the promoters of the company, valuation and verification of the properties contributed must be carried out and converted into shares. A company may issue registered or bearer shares. However, shares issued to promoter(s) or legal person(s) shall be in the form of registered shares and shall be registered under the name(s) of such promoter(s) or legal person(s) and shall not be registered under a different name or the name of a representative. The Special Regulations and the Mandatory Provisions provide that shares issued to foreign investors and listed overseas shall be issued in registered form and shall be denominated in RMB and subscribed for in foreign currency.

Pursuant to the Special Regulations and the Mandatory Provisions, shares issued to foreign investors and investors from Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan and subscribed in foreign currency are defined as foreign shares. Foreign shares listed overseas are defined as overseas listed and foreign invested shares. Shares issued to investors within the PRC other than the aforementioned areas and subscribed in RMB are defined as Domestic Shares. Qualified Foreign Institutional Investors (the "**QFII**") approved by CSRC may invest in the PRC securities market.

A company may offer its shares to the public overseas with approval by the securities administration department of the State Council. Detailed measures shall be specified by the State Council based on the Special Regulations. The share price may be equal to or in excess of par value, but shall not be less than par value. The transfer of shares by shareholders shall be conducted in legally established stock exchanges or via other methods as stipulated by the State Council.

Increase of Share Capital

Pursuant to the PRC Company Law, an increase in the capital of a company by means of an issue of new shares must be approved by shareholders in general meeting. Except for above-mentioned conditions of obtaining approval at the general meeting required by the PRC Company Law, the PRC Securities Law requires the following conditions for a company to issue new shares to the public: the company is a complete and well-operated organization; the company is capable of making profits continuously; no false records or significant irregularities are found in its financial and accounting documents over the last three years; the issuer, its controlling shareholder, and actual controller have not been involved in corruption, bribery, embezzlement, misappropriation of property, or disruption of the socialist market economic order in the past three years; the company is able to fulfill any other requirements as prescribed by the securities regulatory authority of the State Council as approved by the State Council. The approval of the

securities regulatory authority of the State Council must be obtained. After payment in full for the new shares issued, a company must modify its registration with the relevant administrative bureau for industry and commerce and issue a public notice accordingly.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the PRC Company Law:

(1) the company shall prepare a balance sheet and an inventory of the assets;

(2) the reduction of registered capital must be approved by shareholders in general meeting;

(3) the company shall inform its creditors of the reduction in registered capital within ten days and publish an announcement of the reduction in the newspaper within 30 days after the resolution approving the reduction has been passed;

(4) the creditors of the company may within the statutory prescribed time limit require the company to pay its debts or provide guarantees covering the debts; the creditors shall, within 30 days from the date they receive the written notice, or within 45 days from the date the announcement is made in the case of those who have not received such written notice, have the right to claim full repayment of their debts or provision of a corresponding guarantee from the company; and

(5) the company must apply to the company registration authority for registration of the reduction in registered capital.

Repurchase of Shares

A company may not repurchase its own shares other than for the purpose of:

(1) reducing the registered capital of the company; or

(2) merging with another company holding shares of this company; or

(3) granting the shares for employee share ownership plans or as share incentives; or

(4) purchasing the company's own shares upon request of its shareholders who vote against the resolution regarding the merger or division of the company in a general meeting;

(5) applying the shares for the conversion of the corporate bonds issued by a listed company and convertible into shares;

(6) maintaining the corporate value and protecting the shareholders' interests of a listed company as necessary.

Repurchase of its own shares by a company under the circumstances specified in Subparagraph (1), (2) of the preceding paragraph shall be subject to resolution adopted by the shareholders' general meeting; repurchase of its own shares by a company under the circumstances specified in Subparagraph (3), (5) or (6) may be subject to a resolution at a board meeting attended by more than two-thirds of the directors in accordance with the provisions of the articles of association or the authorization of a general meeting.

Where a company repurchases the shares of the Company pursuant to subparagraph (1) of the first paragraph, such shares shall be canceled within ten days from the date of repurchases; where the shares are repurchased pursuant to subparagraphs (2), (4), such shares shall be transferred or canceled within six months; and where the shares are repurchased pursuant to Subparagraphs (3), (5), (6), the aggregate number of the Company's shares held by a company shall not exceed 10% of the total issued shares of the Company, and shall be transferred or canceled within three years.

A listed company purchasing its own shares shall perform the obligation of information disclosure and under any of the circumstances set forth in (3), (5) and (6) shall carry out trading in a public and centralized manner.

The Mandatory Provisions stipulate that upon obtaining approvals from relevant supervisory authorities in accordance with the articles of association of the company, a company may, for the aforementioned purposes, repurchase its issued shares by way of a general offer to its shareholders or purchase on a stock exchange or through off-market contract.

Transfer of Shares

Shares may be transferred in accordance with the relevant laws and regulations.

Pursuant to the PRC Company Law, transfer of shares by shareholders shall be carried out at a legally established securities exchange or in other ways stipulated by the State Council. No modifications of registration in the share register caused by transfer of registered shares shall be carried out within 20 days prior to the convening of shareholder's general meeting or five days prior to the base date for determination of dividend distributions. However, where there are separate provisions by law on alternation of registration in the share register of listed companies, those provisions shall prevail. Pursuant to the Mandatory Provisions, no registration of

modification to the roster of shareholders as stipulated by the preceding paragraph shall be made within the period of 30 days prior to the convening of a meeting of the shareholders' general meeting or within the period of five days prior to the date of record on which the company decides to distribute dividends.

Transfer of bearer shares shall become effective immediately after a shareholder delivers such share certificates to a transferee.

Shares held by the promoters of a company shall not be transferred within one year from the date the company is incorporated. Directors, supervisors and senior managers of a company shall declare to the company the numbers of the company's shares held by them and the changes of the shares they hold, and the number of the company's shares annually transferred by each of them during their term of office shall not exceed 25% of the total number of the company's shares held by them respectively; The company's shares held by the persons mentioned above shall not be transferred within six months after they leave office. The company's articles of association may stipulate other restrictive provisions on the transfer of the company's shares held by the directors, supervisors and senior managers of the company.

Shareholders

Shareholders have such rights and obligations as set forth in the articles of association of a company. The articles of association of a company are binding on each shareholder. Under the PRC Company Law and the Mandatory Provisions, the rights of a shareholder include:

(1) the right to attend in person or appoint a proxy to attend shareholders' general meetings, and to vote in respect of the number of shares held;

(2) the right to transfer his shares in accordance with applicable laws and regulations and the articles of association of the company;

(3) the right to inspect the company's articles of association, shareholders' registers, records of debentures, minutes of shareholders' general meetings, board resolutions, supervisors resolutions, financial and accounting reports and put forward proposals or raise questions about the business operations of the company;

(4) if any directors or senior officers damages the shareholder's interests by violating law or administrative regulations or articles of association, the shareholders may lodge an action in the people's court;

(5) the right to receive dividends and other distributions in respect of the number of shares held;

(6) the right to obtain surplus assets of the company upon its termination in proportion to his or her shareholding; to claim against other shareholders who abuse their shareholders' rights for the damages; and

(7) any other shareholders' rights as specified in the company's articles of association.

The obligations of a shareholder include the obligation to abide by the company's articles of association, to pay the subscription monies in respect of the shares subscribed for, to be liable for the company's debts and liabilities to the extent of the amount of subscription monies agreed to be paid in respect of the shares taken up by him/her, not to abuse shareholders' right to damage the interests of the company or other shareholders of the company; not to abuse the independent status of the company as a legal person and the limited liability to damage the interests of the creditors of the company and any other shareholders' obligation specified in the company's articles of association.

Shareholders' General Meeting

The shareholders' general meeting is the organ of authority of a company, which exercises its powers in accordance with the PRC Company Law.

The shareholders' general meeting exercises the following principal powers:

(1) to decide on the company's operational policies and investment plans;

(2) to elect or replace the directors, supervisors who are not representatives of the employees and decide on matters relating to the remuneration of directors and supervisors;

(3) to consider and approve reports of the board of directors;

(4) to consider and approve reports of the supervisory committee;

(5) to consider and approve the company's proposed annual financial budget and financial accounts;

(6) to consider and approve the company's proposals for profit distribution and for recovery of losses;

(7) to decide on any increase or reduction in the company's registered capital;

(8) to decide on the issue of bonds by the company;

(9) to decide on issues such as merger, division, dissolution, liquidation or change of the form of the company and other matters;

(10) to amend the articles of association of the company; and

(11) other powers as specified in the articles of association of the company.

A shareholders' general meeting is required to be held once every year. An extraordinary shareholders' general meeting is required to be held within two months after the occurrence of any of the following circumstances:

(1) when the number of directors is less than the number provided for in the PRC Company Law or less than two-thirds of the number specified in the company's articles of association;

(2) when the losses of the company which are not made up reach one-third of the company's total paid up share capital;

(3) upon a request by shareholder(s) that individually or collectively holding 10% or more of the shares;

(4) when deemed necessary by the board of directors;

(5) when the supervisory committee proposes convening it; or

(6) other matters as required by the company's articles of association.

Shareholders' general meetings shall be convened by the board of directors, and presided over by the chairman of the board of directors. If the chairman is incapable of performing or not performing his duties, the meeting shall be presided over by the vice-chairman. If the vice-chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting. Where the board of directors is incapable of performing or not performing its duties of convening the shareholders' general meeting, the supervisory committee shall convene and preside over such meeting in a timely manner. In case

the supervisory committee fails to convene and preside over such meeting, shareholders alone or in aggregate holding more than 10% of the total shares of the company for not less than 90 days consecutively may unilaterally convene and preside over such meeting.

Notice of the shareholders' general meeting shall be given to all shareholders 20 days before the meeting. Notice of the extraordinary shareholders' general meeting shall be given to all shareholders 15 days before the meeting. For the issuance of bearer share certificates, the time and venue of and matters to be considered at the meeting shall be announced 30 days before the meeting.

Shareholders present at a shareholders' general meeting have one vote for each share they hold, but the company shall have no vote for any of its own shares the company holds.

Resolutions proposed at the shareholders' general meeting shall be adopted by more than half of the voting rights cast by shareholders present (including those represented by proxies) at the meeting, with the exception of matters relating to merger, division, dissolution, increase or reduction in registered capital, change in the form of the company or amendments to the articles of association which shall be adopted by shareholders with two-thirds or more of the voting rights cast by shareholders present (including those represented by proxies) at the meeting.

Shareholders may entrust a proxy to attend shareholders' general meetings on his or her behalf by a power of attorney which sets forth the scope of exercising the voting rights.

There is no specific provision in the PRC Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting. However, the Special Regulations and the Mandatory Provisions provide that a company's annual general meeting may be convened when replies to the notice of that meeting from shareholders holding shares representing 50% or more of the voting rights in the company have been received 20 days before the proposed date, or if that 50% level is not achieved, the company shall within five days of the last day for receipt of the replies notify shareholders by public announcement of the matters to be considered at the meeting and the date and place of the meeting and the annual general meeting may be held thereafter. The Mandatory Provisions require class meetings to be held in the event of a variation or derogation of the class rights of a class. Holders of Domestic Shares and holders of overseas listed and foreign invested shares are deemed to be different classes of shareholders for this purpose.

Board of Directors

A company shall have a board of directors, which shall consist of 5 to 19 members and there can be staff representatives of the company. Under the PRC Company Law, each term of office of a director shall not exceed three years. A director may serve consecutive terms if re-elected.

Meetings of the board of directors shall be convened at least twice a year. Notice of meeting shall be given to all directors and supervisors at least ten days before the meeting. The board of directors may provide for a different method of giving notice and notice period for convening an extraordinary meeting of the board of directors.

Under the PRC Company Law, the board of directors exercises the following powers:

(1) to convene the shareholders' general meeting and report on its work to the shareholders;

(2) to implement the resolution of the shareholders' general meeting;

(3) to decide on the company's business plans and investment plans;

(4) to formulate the company's proposed annual financial budget and final accounts;

(5) to formulate the company's proposals for profit distribution and for recovery of losses;

(6) to formulate proposals for the increase or reduction of the company's registered capital and the issue of corporate bonds;

(7) to prepare plans for the merger, division, dissolution or change of the form of the company;

(8) to decide on the company's internal management structure;

(9) to appoint or dismiss the company's manager, and based on the manager's nomination, to appoint or dismiss deputy manager and financial officers of the company and to decide on their remuneration;

(10) to formulate the company's basic management system; and

(11) any other power given under the articles of association of the company.

In addition, the Mandatory Provisions provide that the board of directors is also responsible for formulating the proposals for amendment of the articles of association of a company. Interim board meetings may be convened by shareholders representing more than 10% of the voting rights, more than one-third of the directors or the supervisory board. The chairman shall convene the meeting within ten days of receiving such proposal, and preside over the meeting. Meetings of the board of directors could be held only if more than half of the directors are present. Resolutions of the board of directors require the approval of more than half of all directors. If a director is unable to attend a board meeting, he/she may appoint another director by a written power of attorney specifying the scope of the authorization for another director to attend the meeting on his/her behalf.

If a resolution of the board of directors violates the laws, administrative regulations or the company's articles of association as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proven that a director expressly objected to the resolution when the resolution was voted on, and that such objections were recorded in the minutes of the meeting, such director may be relieved of that liability.

Under the PRC Company Law, the following persons may not act as a director of a company:

(1) persons without capacity or restricted capacity to undertake civil liabilities;

(2) persons who have committed the offense of corruption, bribery, taking of property, misappropriation of property or destruction of the order of socialist market economy, and have been sentenced to criminal punishment, where less than five years have elapsed since the date of completion of the sentence; or persons who have been deprived of their political rights due to criminal offense, where less than five years have elapsed since the date of the completion of implementation of this deprivation;

(3) persons who have been former directors, factory managers or general managers of a company or an enterprise that has been bankrupt and has been liquidated, and those persons are personally liable for the bankruptcy of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;

(4) persons who were legal representatives of a company or enterprise which had its business license revoked due to violation of the law and who are personally liable, and less than three years have elapsed since the date of the revocation of the business license;

(5) persons who have a relatively large amount of debt due and outstanding; or

(6) other circumstances under which a person is disqualified from acting as a director of a company as set out in the Mandatory Provisions (which have been incorporated in the Articles of Association, a summary of which is set out in Appendix V).

The board of directors shall appoint a chairman, who is elected with approval of more than half of all the directors. The chairman of the board of directors exercises, among others, the following powers:

(1) to preside over shareholders' general meetings and convene and preside over meetings of the board of directors; and

(2) to check on the implementation of the resolutions of the board of directors.

The legal representative of a company in accordance with the Mandatory Provisions, is the chairman of the board of directors. The Special Regulations provide that a company's directors, supervisors, managers and other officers bear fiduciary duties and the duty to act diligently. They are required to faithfully perform their duties, protect the interests of the company and not to use their positions for their own benefit. The Mandatory Provisions (which have been incorporated into the Articles of Association, a summary of which is set out in "Appendix V — Summary of the Articles of Association") contain further elaborations of such duties.

Directors shall be liable for the resolutions adopted by the board of directors. Where a resolution of the board violates laws, administrative regulations, or the company's articles of association, and thus causes serious losses to the company, the directors participating in the adoption of such a resolution shall be liable for compensation to the company. However, where a director is proved to have expressed his objection to such a resolution when it was put to the vote and his objection was recorded in the minutes of the meeting, he may be exempted from such liability.

The Special Regulations provide that a company's directors, supervisors, general managers and other senior management shall bear fiduciary duties and the obligation to act diligently. They are required to faithfully perform their duties, protect the interests of the company and not to use their positions and power for their own benefit. The Mandatory Provisions (which have been incorporated into the Articles of Association, a summary of which is set out in Appendix V) contain further elaborations of such duties.

Supervisory Committee

A joint stock limited company shall have a supervisory committee composed of not less than three members. Each term of office of a supervisor is three years and he may serve consecutive terms if re-elected. A supervisor shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office or if the resignation of supervisor results in the number of supervisors being less than the quorum. The supervisory committee is made up of shareholders' representatives and an appropriate proportion of the company's staff representatives; and the percentage of the number of the company's staff representatives shall not be less than one-third. Directors and senior management shall not act as supervisors.

Requirements in relation to the power of the supervisory committee under the PRC Company Law are as follows:

(1) to examine the company's financials;

(2) to supervise the directors and senior management in their performance of duties and to propose the removal of any director or senior management who violates the laws, regulations, articles of association or shareholders' resolution;

(3) to require any director or senior management whose act is detrimental to the company's interests to rectify such act;

(4) to propose the convening of extraordinary shareholders' general meetings and, in the event that the board of directors fails to perform the duties of convening and presiding shareholders' meetings, to convene and preside over shareholders' meetings;

(5) to propose any motions to shareholders' general meetings;

(6) to commence any action against any directors or senior management; and

(7) other powers specified in the company's articles of association.

The circumstances under which a person is disqualified from being a director of a company described above apply mutates mutandis to supervisors of a company.

Supervisors may attend board meetings and make enquiries or proposals in respect of board resolutions. The supervisory committee or (where there is no supervisory committee) the supervisors of a company may initiate investigations into any irregularities identified in the operation of the company and, where necessary, may engage an accountant to assist in their work. Expenses incurred by the supervisory committee to exercise their power shall be borne by the company.

Meetings of the supervisory committee shall be convened at least every six months. Interim meetings of the supervisory committee can be convened by the supervisors. According to the PRC Company Law, resolutions of the supervisory committee require the approval of more than half of all supervisors, and pursuant to the Letter of Opinions on the Supplementation and Amendment of Articles of Association of Companies Listing in Hong Kong (《關於到香港上市公司對公司章程作補充修改的意見的函》) promulgated by the CSRC on April 3, 1995, resolutions of the supervisory committee require the approval of more than two-thirds of all supervisors.

The supervisory committee shall have one chairman and may have one vice-chairman. Both shall be elected by more than half of all the supervisors. The chairman of the supervisory committee shall convene and preside over the meeting of the supervisory committee; where the chairman of the supervisory committee cannot perform the functions or fails to do so, the vice-chairman shall convene and preside over the meeting of the supervisory committee; and where the vice-chairman cannot perform the functions or fails to do so, a supervisor jointly elected by half or more of the supervisors shall convene and preside over the meeting of the supervisory committee.

Managers and Other Senior Management

"Senior management" refers to the manager, vice manager, person in charge of finance, and the secretary of the board of directors as well as any other person as stipulated in the articles of association.

A company shall have a manager who shall be appointed or removed by the board of directors.

The manager is accountable to the board of directors and may exercise the following powers:

(1) in charge of the production, operation and management of the company and arrange for the implementation of resolutions of the board of directors;

(2) arrange for the implementation of the company's annual business and investment plans;

(3) formulate plans for the establishment of the company's internal management structure;

(4) formulate the basic administration system of the company;

(5) formulate the company's internal rules;

(6) recommend the appointment and dismissal of deputy managers and person in charge of finance and appoint or dismiss other senior management (other than those required to be appointed or dismissed by the board of directors);

(7) attend board meetings as a non-voting attendant; and

(8) other powers conferred by the board of directors or the company's articles of association.

The articles of association of a company shall have binding effect on the shareholders, directors, supervisors, managers and other senior management of the company. Such persons shall be entitled to exercise their rights, apply for arbitration and issue legal proceedings according to the articles of association of the company. The provisions of the Mandatory Provisions regarding the senior management of a company have been incorporated in the Articles of Association, a summary of which is set out in "Appendix V — Summary of the Articles of Association."

Duties of Directors, Supervisors and Senior Officers

None of the following persons shall serve as a director, supervisor, or senior management of a company:

(1) a person who has no or limited capacity for civil conduct;

(2) a person who was sentenced to criminal punishment for embezzlement, bribery, seizure of property or misappropriation of property or for sabotage of the socialist market economic order, where less than five years have elapsed after the expiration of the period of execution; or a person who was deprived of his political rights for the commission of a crime, where less than five years have elapsed after the expiration of the period of execution;

(3) a person who, being a director or the head or manager of a company or enterprise that went into bankruptcy and liquidation, was personally liable for the bankruptcy of the said company or enterprise, where less than three years have elapsed from the date liquidation of the company or enterprise is completed;

(4) a person who, being the legal representative of a company or an enterprise, the business license of which was revoked for violation of law and which was ordered to close down, was personally liable for the above, where less than three years have elapsed from the date the business license of the company or enterprise is revoked; and

(5) a person who fails to liquidate a relatively large amount of personal debts when they are due.

A director, supervisor and senior management of a company are required under the PRC Company Law to comply with the relevant laws, regulations and the company's articles of association, carry out their duties honestly and protect the interests of the company. They are also prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the company's properties. Directors and senior management are prohibited from:

(1) misappropriation of company funds;

(2) deposit of company funds into accounts under their own name or the name of other individuals;

(3) loaning company funds to others or providing guarantees in favor of others supported by the company properties in violation of the articles of association or without prior approval of the shareholders' general meeting or board of directors;

(4) entering contracts or deals with the company in violation of the articles of association or without prior approval of the shareholders' general meeting or board of directors;

(5) using their position to procure business opportunities for themselves or others that should have otherwise been available to the company or operating for their own benefit or managing on behalf of others businesses similar to that of the company without prior approval of the shareholders' general meeting;

(6) accepting for their own benefit commissions from other parties dealing with the company;

(7) unauthorized divulgence of confidential information of the company; or

(8) other acts in violation of their duty of loyalty to the company.

A director, supervisor and senior officer of a company is also under a duty of confidentiality to the company.

Any director, supervisor and senior management who contravenes any law, regulation or the company's articles of association in the performance of his duties which results in any loss to our company shall be personally liable to the company.

The Special Regulations and the Mandatory Provisions provide that a director, supervisor and senior management of a company owe fiduciary duties to the company and are required to perform their duties faithfully and to protect the interests of the company and not to make use of their positions in the company for their own benefit.

Where the attendance of a director, supervisor, or senior management is requested by the shareholders' general meeting, such director, supervisor, or other senior management shall attend the meeting as requested and answer enquiries of shareholders. Directors and senior management shall furnish with all truthfulness facts and information to the supervisory committee without obstructing the discharge of duties by the supervisory committee.

Finance and Accounting

A company shall establish its financial and accounting systems according to laws, administrative regulations and the provisions of the responsible financial department of the State Council and at the end of each financial year, prepare a financial report which shall be audited and verified as provided by law.

A company shall deposit its financial statements at the company for inspection by the shareholders at least 20 days before the convening of the annual general meeting of shareholders.

The common reserve of a company comprises the statutory surplus reserve, the discretionary common reserve and the capital common reserve.

When distributing each year's after-tax profits, the company shall set aside 10% of its after-tax profits for the company's statutory surplus reserve (except where the reserve has reached 50% of the company's registered capital). After a company has made an allocation to its statutory common reserve from its after-tax profits, subject to a resolution of the shareholders' general meeting, the company may make an allocation to a discretionary common reserve.

When the company's statutory surplus reserve is not sufficient to make up for the company's losses of the previous years, current year profits shall be used to make up for the losses before allocations are set aside for the statutory surplus reserve.

After the company has made up for its losses and make allocations to its statutory surplus reserve and discretionary common reserve, the remaining profits could be available for distribution to shareholder in proportion to the number of shares held by the shareholders except as otherwise provided in the articles of association of such company limited by shares.

The capital common reserve of a company is made up of the premium over the nominal value of the shares of the company on issue and other amounts required by the relevant governmental authority to be treated as the capital common reserve.

The common reserve of a company shall be applied for the following purposes:

(1) to make up the company's losses other than the capital common reserve;

(2) to expand the business operations of the company; and

(3) to increase the registered capital of the company by the issue of new shares to shareholders in proportion to their existing shareholdings in the company or by increasing the nominal value of the shares currently held by the shareholders. If the statutory surplus reserve is converted into registered capital, the balance of the statutory surplus reserve after such conversion shall not be less than 25% of the registered capital of the company before such conversion.

The company shall have no other accounting books except the statutory accounting books. The company's assets shall not be deposited in any accounts opened in the name of an individual.

Appointment and Dismissal of Accounting Firms

According to the Special Regulations, a company shall engage an independent PRC qualified accounting firm to audit the company's annual report and review other financial reports. Pursuant to the PRC Company Law, the appointment or dismissal of accounting firms responsible for the auditing of the company shall be determined by shareholders' meeting, shareholders' general meeting or board of directors in accordance with the articles of association. The accounting firm is to be appointed for a term commencing from the conclusion of an annual general meeting and ending at the conclusion of the next annual general meeting. The accounting firm should be allowed to make representations when the shareholders' general meeting conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidences, books, financial and accounting reports and other accounting data to the accounting firm which it employs without any refusal, withholding and misrepresentation.

Distribution of Profits

The Special Regulations provide that the dividends and other distributions to be paid to holders of overseas listed foreign shares shall be declared and calculated in Renminbi and paid in foreign currency. Under the Mandatory Provisions, the payment of dividends to shareholders shall be made through a receiving agent.

Amendments to Articles of Association

Any amendments to the company's articles of association must be made in accordance with the procedures set forth in the company's articles of association. Any amendment of provisions incorporated in the articles of association in connection with the Mandatory Provisions will only be effective after approval by the companies approval department authorized by the State Council and the CSRC. In relation to matters involving the company's registration, its registration with the authority must also be changed.

Dissolution and Liquidation

A company may apply for the declaration of insolvency by reason of its inability to pay debts as they fall due. After the people's court has made a declaration of the company's insolvency, the shareholders, the relevant authorities and the relevant professionals shall form a liquidation committee to conduct the liquidation of the company.

Under the PRC Company Law, a company shall be dissolved in any of the following events:

(1) the term of its operations set down in its articles of association has expired or events of dissolution specified in its articles of association have occurred;

(2) the shareholders in general meeting have resolved to dissolve the company;

(3) the company is dissolved by reason of its merger or demerger;

(4) the company is subject to the revocation of business license, a closure order or elimination in accordance with laws; or

(5) in the event that the company encounters substantial difficulties in its operation and management and its continuance shall cause a significant loss, in the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the company may present a petition to the people's court for the dissolution of the company.

Where the company is dissolved in the circumstances described in (1), (2), (4) and (5) above, a liquidation committee must be formed within 15 days after the occurrence of the cause of dissolution so as to carry out liquidation. Members of the liquidation committee shall be composed of the directors or people as determined by the shareholders' meeting.

If a liquidation committee is not established within the stipulated period, the company's creditors can apply to the people's court for its establishment.

The liquidation committee shall notify the company's creditors within ten days after its establishment, and issue a public notice in the newspapers within 60 days. A creditor shall lodge his claim with the liquidation committee within 30 days after receiving notification or within 45 days of the public notice if he did not receive any notification. The liquidation committee shall exercise the following powers during the liquidation period:

(1) to handle the company's assets and to prepare a balance sheet and an inventory of the assets;

(2) to notify creditors or issue public notices;

(3) to deal with and settle any outstanding business of relevant company;

(4) to pay any tax overdue;

(5) to settle the company's claims and liabilities;

(6) to handle the surplus assets of the company after its debts have been paid off; and

(7) to represent the company in civil lawsuits.

If the company's assets are sufficient to meet its liabilities, they shall be applied towards the payment of the liquidation expenses, wages owed to the employees and social insurance expenses, tax overdue and debts of the company. Any surplus assets shall be distributed to the shareholders of the company in proportion to the number of shares held by them.

During the liquidation period, a company shall not engage in operating activities unrelated to the liquidation.

If the liquidation committee becomes aware that the company does not have sufficient assets to meet its liabilities, it must immediately apply to the people's court for a declaration for bankruptcy according to the laws. Following such declaration, the liquidation committee shall hand over all affairs of the liquidation to the people's court.

Upon completion of the liquidation, the liquidation committee shall submit a liquidation report to the shareholders' general meeting or the people's court for confirmation. Thereafter, the report shall be submitted to the company registration authority in order to cancel the company's registration, and a public notice of its termination shall be issued.

Members of the liquidation committee are required to discharge their duties honestly and in compliance with relevant laws. A member of liquidation committee is liable to indemnify the company and its creditors in respect of any loss arising from his willful or material default.

Loss of H Share Certificates

In the event H share certificates in registered form are either stolen or lost, shareholder may, in accordance with the relevant provisions set out in the Civil Procedure Law, apply to a people's court for a declaration that such certificates are no longer valid. Upon such declaration, the shareholder may apply to the company for the issue of replacement certificates. The Mandatory Provisions provide for a separate procedure regarding the loss of H share certificates.

Merger and Demerger

Companies may merge through merger by absorption or through the establishment of a newly merged entity. If it merges by absorption, the company which is absorbed shall be dissolved. If it merges by forming a new corporation, both companies will be dissolved.

As for a corporate merger, both parties to the merger shall conclude an agreement with each other and formulate balance sheets and checklists of properties. The companies involved shall, within ten days as of making the decision of merger, notify the creditors, and shall make a public announcement in a newspaper within 30 days. The creditors may, within 30 days as of the receipt of the notice or within 45 days as of the issuance of the public announcement if it fails to receive a notice, require the company to clear off its debts or to provide corresponding guarantees. In the case of a merger, the credits and debts of the companies involved shall be succeeded by the company that survives the merger or by the newly established company.

As for the division of a company, the properties thereof shall be divided accordingly, and balance sheets and checklists of properties shall be worked out. The company shall, within ten days as of the day when the decision of division is made, notify the creditors and make a public

announcement in a newspaper within 30 days. The post-division companies shall bear joint liabilities for the debts of the former company before it is divided, unless it is otherwise prescribed by the company and the creditors before the division with regard to the clearance of debts in written agreement.

SECURITIES LAW AND REGULATIONS

The PRC has promulgated a number of regulations that relate to the issue and trading of the Shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee was responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC.

The CSRC is the regulatory arm of the Securities Committee and responsible for the drafting of regulatory provisions of securities markets, supervising securities firms, regulating public offers of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking research and analysis. In 1998, the State Council dissolved the Securities Committee of the State Council and assigned its original function to the CSRC. The CSRC is also responsible for the regulation and supervision of the national stocks and futures market according to laws, regulations and authorizations.

The PRC Securities Law took effect on July 1, 1999 and was last amended on March 1, 2020. This is the first securities law in the PRC, and it is divided into 14 chapters and 226 articles regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities firms and the duties and responsibilities of the State Council's securities regulatory authorities. The PRC Securities Law comprehensively regulates activities in the PRC securities market. Article 224 of the PRC Securities Law provides that a PRC company must comply with relevant regulations of the State Council to list its shares oversea. Article 225 of the PRC Securities Law provides that specific regulation in respect of shares of companies in the PRC which are to be subscribed and traded in foreign currencies shall be separately formulated by the State Council. Currently, the issue and trading of foreign issued shares (including H Shares) are still governed by the rules and regulations promulgated by the State Council and the CSRC.

Overseas Listing

The shares of a company shall only be listed overseas after obtaining approval from the securities regulatory authority of the State Council and the listing must be arranged in accordance with procedures specified by the State Council.

According to the Special Regulations, a company's plan to issue overseas listed foreign invested shares and domestic invested shares which has been approved by the securities regulatory authority of the State Council may be implemented by the board of directors of a company by way of separate issues, within fifteen months after approval is obtained from the CSRC.

Suspension and Termination of Listing

The PRC Company Law has deleted provisions governing suspension and termination of listing. The PRC Securities Law has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

Where the stock exchange decides on delisting of securities, it shall promptly announce and file records with the securities regulatory authority of the State Council.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the "**Arbitration Law**") was passed by the Standing Committee of the NPC on August 31, 1994 and the latest version was amended on September 1, 2017 and came into effect on January 1, 2018. It is applicable to contract disputes and other property disputes between natural persons, legal persons and other organizations where the parties have entered into a written agreement to refer the matter to arbitration before an arbitration committee constituted in accordance with the Arbitration Law. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate provisional arbitration rules in accordance with the Arbitration Law and the PRC Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people's court will refuse to handle the case.

The Listing Rules and the Mandatory Provisions require an arbitration clause to be included in the Articles of Association and, in the case of the Listing Rules, also in contracts with each of the Directors and Supervisors, to the effect that whenever any disputes or claims arise between holders of the H Shares and us; holders of the H Shares and the Directors, Supervisors or officers; or holders of the Shares, in respect of any disputes or claims in relation to our affairs or as a result of any rights or obligations arising under the Articles of Association, the PRC Company Law or other relevant laws and administrative regulations, such disputes or claims shall be referred to arbitration.

Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, if they are shareholders, Directors, Supervisors, officers of us, shall be subject to the arbitration. Disputes in respect of who is the shareholder and those in relation to our register of shareholders need not be resolved by arbitration.

A claimant may elect for arbitration to be carried out at either the China International Economic and Trade Arbitration Commission (the "**CIETAC**") in accordance with its rules or the Hong Kong International Arbitration Center (the "**HKIAC**") in accordance with its securities arbitration rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant. If the claimant elects for arbitration to be carried out at the HKIAC, any party to the dispute or claim may apply for a hearing to take place in accordance with the securities arbitration rules of the HKIAC.

Under the Arbitration Law and the PRC Civil Procedure Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for Enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration tribunal if there is any procedural or membership irregularity specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration tribunal.

A party seeking to enforce an arbitral award of PRC arbitration panel against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "**New York Convention**") adopted on June 10, 1958 pursuant to a resolution of the Standing Committee of the NPC passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the State to which the application for enforcement is made. It was declared by the Standing Committee of the NPC simultaneously with the accession of the PRC that (i) the PRC will only recognize and enforce foreign arbitral awards on the principle of reciprocity and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

In June 1999, an arrangement was made between Hong Kong and the Supreme People's Court of the PRC for the mutual enforcement of arbitral awards. This new arrangement was approved by the Supreme People's Court of the PRC and the Hong Kong Legislative Council, and became effective on February 1, 2000. The arrangement is made in accordance with the spirit of the New York Convention. Under the arrangement, awards made by PRC arbitration bodies pursuant to the Arbitration Law can be enforced in Hong Kong. Hong Kong arbitral awards pursuant to the Arbitration Ordinance of Hong Kong are also enforceable in the PRC.

ESTABLISHMENT OF OVERSEAS OPERATIONS RULES AND REGULATIONS

According to the Provisions for Overseas Investment Management (《境外投資管理辦法》) promulgated by the MOFCOM and took effect on October 6, 2014, and the Provisions on the Foreign Exchange Administration of Overseas Investment of Domestic Institutions (《境內機構境外直接投資外匯管理規定》) issued by the SAFE and took effect on August 1, 2009, upon obtaining approval from the MOFCOM to establish enterprises overseas, PRC enterprises shall apply for foreign exchange registration for overseas investments.

According to the Management Measures on Overseas Investment of Enterprise (《企業境外投資管理辦法》) promulgated by the NDRC and took effect on March 1, 2018, the investing activities of PRC enterprises such as acquiring overseas ownerships, controlling rights, operating and management rights and other relevant interests by way of investing assets and interests or providing financing and guarantees to control its overseas enterprises, either directly or indirectly, are required to obtain approval or lodge filing with NDRC in accordance with the relevant conditions of the overseas investment projects.

MATERIAL DIFFERENCES BETWEEN CERTAIN ASPECTS OF COMPANY LAW IN THE PRC AND HONG KONG

The Hong Kong laws applicable to a company incorporated in Hong Kong are the Companies Ordinance and the Companies (WUMP) Ordinance and are supplemented by common law and the rules of equity that are applicable to Hong Kong. As a joint stock limited company established in the PRC that is seeking a listing of shares on the Stock Exchange, our Company is governed by the PRC Company Law and all other rules and regulations promulgated pursuant to the PRC Company Law.

Set out below is a summary of certain material differences between Companies Ordinance applicable to a company incorporated in Hong Kong and the PRC Company Law applicable to a joint stock limited company incorporated under the PRC Company Law. This summary is, however, not intended to be an exhaustive comparison.

Incorporation of Corporate

Under Hong Kong company law, a company with share capital, is incorporated by the Registrar of Companies in Hong Kong which issues a certificate of incorporation to the company upon its incorporation and the company will acquire an independent corporate existence. A company may be incorporated as a public company or a private company. Pursuant to the Companies Ordinance, the articles of association of a private company incorporated in Hong Kong shall contain certain pre-emptive provisions. A public company's articles of association do not contain such pre-emptive provisions.

Under the PRC Company Law, a joint stock limited company may be incorporated by promotion or stock flotation. The newly amended PRC Company Law which came into effect on October 26, 2018, has no provisions on minimum registered capital of joint stock companies, except that laws, administrative regulations and State Council decisions have separate provisions on paid-in registered capital and the minimum registered capital of joint stock companies, in which case the company should follow such provisions.

Hong Kong law does not prescribe any minimum capital requirement for a Hong Kong company.

Share Capital

The Hong Kong company law does not provide for authorised share capital. The share capital of a Hong Kong company would be its issued share capital. The full proceeds of a share issue will be credited to share capital and becomes a company's share capital. The directors of a Hong Kong company may, with the prior approval of the shareholders if required, issue new shares of the company.

The PRC Company Law provides that any increase in our Company's registered capital must be approved by its shareholders' general meeting and the relevant PRC governmental and regulatory authorities.

Under the PRC Company Law, the shares may be subscribed for in the form of money or non-monetary assets (other than assets not entitled to be used as capital contributions under relevant laws and administrative regulations). If capital contribution is made other than in cash, valuation and verification of the assets contributed must be carried out and converted into shares according to the laws. Non-monetary assets used for capital contributions shall not be overvalued or undervalued. Where laws or administrative regulations provide otherwise, those provisions shall prevail. There is no such restriction on a Hong Kong company under Hong Kong law.

Restrictions on Shareholding and Transfer of Shares

Under the PRC Company Law, a promoter of a joint stock limited company is not allowed to transfer the shares it holds for a period of one year after the date of establishment of the company. Shares issued prior to the public offering cannot be transferred within one year from the listing date of the shares on a stock exchange. Shares transferred each year by the directors, supervisors and senior management of a joint stock limited company during their respective term of office shall not exceed 25% of the total shares they held in the company, and the shares they held in the company cannot be transferred within one year from the listing date of the shares, and also cannot be transferred within half a year after such person leave office. The articles of association may set other restrictive requirements on the transfer of the company's shares held by its directors, supervisors and senior management.

There are no such restrictions on shareholdings and transfers of shares under Hong Kong law apart from the six-month lockup on the company's issue of shares and the 12-month lockup on controlling shareholders' disposal of shares, as illustrated by the undertakings given by our Company and our Controlling Shareholder to the Stock Exchange.

Financial Assistance for Acquisition of Shares

The PRC Company Law does not prohibit or restrict a joint stock limited company or its subsidiaries from providing financial assistance for the purpose of an acquisition of its own or its holding company's shares. However, the Mandatory Provisions contain special restrictions provisions on a company and its subsidiaries on providing aforesaid financial assistance similar to those under the Companies Ordinance.

Variation of Class Rights

The PRC Company Law has no specific provision relating to variation of class rights. However, the PRC Company Law states that the State Council can promulgate separate regulations relating to other kinds of shares. The Mandatory Provisions contain elaborate provisions relating to the circumstances which are deemed to be variations of class rights and the approval procedures required to be followed in respect thereof. The relevant provisions have been incorporated in the Articles of Association, summary of which is set out in "Appendix V — Summary of the Articles of Association."

Under the Companies Ordinance, no rights attached to any class of shares can be varied except (i) with the passing of a special resolution by the shareholders of the relevant class at a separate meeting sanctioning the variation, (ii) with the written consent of shareholders

representing at least three-fourths of the total voting rights of shareholders of the relevant class, or (iii) if there are provisions in the articles of association relating to the variation of those rights, then in accordance with those provisions.

As required by the Listing Rules and the Mandatory Provisions, our Company has adopted in the Articles of Association provisions protecting class rights in a similar manner to those found in Hong Kong law. Holders of overseas listed foreign shares and domestic shares are defined in the Articles of Association as different classes of shareholders, provided however that the special procedures for approval by separate class shareholders shall not apply to the following circumstances: (i) with the approval by a special resolution at the general meeting, our Company issues Domestic Shares or overseas listed foreign shares alone or at the same time at each interval of 12 months and the number of the proposed Domestic Shares and overseas listed foreign shares does not exceed 20% of the respective outstanding shares of such class; (ii) our Company has made the plans to issue Domestic Shares or overseas listed foreign shares at the time of incorporation and the implementation of such plan has been completed within fifteen months from the date of approval by the Securities Commission of the State Council; and (iii) where, as approved by the securities regulatory authorities under the State Council, the transfer of Domestic Shares to overseas investors or the conversion of them into overseas listed shares and the listing and trading of such shares on an overseas stock exchange.

Directors, Senior Management and Supervisors

The PRC Company Law, unlike the Companies Ordinance, does not contain any requirements relating to the declaration of directors' interests in material contracts, restrictions on companies providing certain benefits to directors and guarantees in respect of directors' liability and prohibitions against compensation for loss of office without shareholders' approval. The Mandatory Provisions, however, contain certain restrictions on interested contracts and specify the circumstances under which a director may receive compensation for loss of office.

Supervisory Board

Under the PRC Company Law, a joint stock limited company's directors and members of the senior management are subject to the supervision of supervisory board. There is no mandatory requirement for the establishment of supervisory board for a company incorporated in Hong Kong. The Mandatory Provisions provide that each supervisor owes a duty, in the exercise of his powers, to act in good faith and honestly in what he considers to be in the best interests of the company and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Derivative Action by Minority Shareholders

Hong Kong law permits minority shareholders to initiate a derivative action on behalf of all shareholders against directors who have committed a breach of their fiduciary duties to the company if the directors control a majority of votes at a general meeting, thereby effectively preventing a company from suing the directors in breach of their duties in its own name.

The PRC Company Law provides shareholders of a joint stock limited company with the right so that in the event where the directors and senior management violate their obligations and cause damages to a company, the shareholders individually or jointly holding more than 1% of the shares in the company for more than 180 consecutive days may request in writing the supervisory board to initiate proceedings in the people's court. In the event that the supervisory board violates their obligations and cause damages to company, the above said shareholders may send written request to the board of directors to initiate proceedings in the people's court. Upon receipt of aforesaid written request from the shareholders, if the supervisory board or the board of directors refuses to initiate such proceedings, or has not initiated proceedings within 30 days from the date of receipt of the request, or if under urgent situations, failure of initiating immediate proceeding may cause irremediable damages to the company, the above said shareholders shall, for the benefit of the company's interests, have the right to initiate proceedings directly to the people's court in their own name.

The Mandatory Provisions also provides further remedies against the directors, supervisors and senior management who breach their duties to the company.

Protection of Minorities

Under Hong Kong law, the company may be wound up by the court if the court considers that it is just and equitable to do so, in addition, a shareholder who complains that the affairs of a company incorporated in Hong Kong are conducted in a manner unfairly prejudicial to his interests may petition to the court to make an appropriate order regulating the affairs of the company. Furthermore, under certain circumstances, the Financial Secretary of Hong Kong may appoint inspectors who are given extensive statutory powers to investigate the affairs of a company incorporated in Hong Kong. The PRC law does not contain similar safeguards.

The PRC Company Law provides that, a company which encounters substantial operational or management difficulties, and its continuance will cause significant loss to the interests of its shareholders and the situation cannot be resolved by other means, shareholders of the company who hold more than 10% of the voting rights of all shareholders may apply to a people's court for the dissolution of the company.

The Mandatory Provisions, however, except as required by laws and regulations or the Listing Rules provides that a controlling shareholder shall not exercise its voting rights in a manner prejudicial to the interests of the shareholders generally or of a proportion of the shareholders of a company to relieve a director or supervisor of his duty to act honestly in the best interests of the company or to approve the expropriation by a director or supervisor of the company's assets or the individual rights of other shareholders.

Notice of Shareholders' General Meetings

Under the PRC Company Law, notice of a shareholders' annual general meeting and an interim general meeting must be given to shareholders no less than 20 days and 15 days before the date of such meeting, respectively. For a company incorporated in Hong Kong, the notice period for an annual general meeting is at least 21 days and in any other case, at least 14 days for a limited company and at least seven days for an unlimited company.

Quorum for Shareholders' General Meetings

Under Hong Kong law, the quorum for a general meeting must be at least two members unless the articles of association of the company otherwise provide. For companies with only one member, the quorum must be one member.

The PRC Company Law does not specify the quorum for a shareholders' general meeting.

Voting

Under Hong Kong law, an ordinary resolution is passed by a simple majority of votes cast by members present in person or by proxy at a general meeting and a special resolution is passed by a majority of not less than three-fourths of votes cast by members present in person or by proxy at a general meeting.

Under the PRC Company Law, the passing of any resolution requires affirmative votes of shareholders representing more than half of the voting rights held by the shareholders who attend the general meeting except in cases of proposed amendments to a company's articles of association, increase or decrease of registered capital, merger, division or dissolution, or change of corporation form, which require affirmative votes of shareholders representing more than two-thirds of the voting rights held by the shareholders who attend the general meeting.

Financial Disclosure

Under the PRC Company Law, a joint stock limited company is required to make available at the company for inspection by shareholders its financial report 20 days before its shareholders' annual general meeting. In addition, a joint stock limited company of which the shares are publicly issued must publish its financial report.

The Companies Ordinance requires a company incorporated in Hong Kong to send to every shareholder a copy of its balance sheet, auditors' report and directors' report, which are to be presented before the company in its annual general meeting, not less than 21 days before such meeting.

Information on Directors and Shareholders

The PRC Company Law gives shareholders the right to inspect the company's articles of association, minutes of the shareholders' general meetings and financial and accounting reports. Under the Articles of Association, shareholders have the right to inspect and copy (at reasonable charges) certain information on shareholders and on directors which is similar to the shareholders' rights of Hong Kong companies under Hong Kong law.

The Mandatory Provisions and regulations requires that a company must, in addition to preparing financial statements according to the PRC GAAP, have its financial statements prepared and audited in accordance with international accounting standards or accounting standards of the overseas listing place, and such financial statements must also contain a statement of the financial effect of the material differences (if any) from the financial statements prepared in accordance with the PRC GAAP. The lower of the after-tax profits stated in the abovementioned two kinds of financial statements shall prevail in the allocation of after-tax profits for the accounting year. The company shall publish its financial reports twice in each accounting year. An interim financial report shall be published within 60 days after the end of the first six months of each accounting year, while an annual financial report shall be published within 120 days after the end of each accounting year.

The Special Regulations require that there should not be any contradiction between the information disclosed within and outside the PRC and that, to the extent that there are differences in the information disclosed in accordance with the relevant PRC and overseas laws, regulations and requirements of the relevant stock exchanges, such differences should also be disclosed simultaneously.

Receiving Agent

Under the PRC Company Law and Hong Kong law, dividends once declared become liabilities payable to shareholders. The limitation period for debt recovery action under Hong Kong law is six years, while under the PRC laws this limitation period is three years. The Mandatory Provisions require the relevant company to appoint a trust company registered under the Trustee Ordinance (Chapter 29 of the Laws of Hong Kong) as a receiving agent to receive on behalf of holders of shares dividends declared and all other monies owed by the company in respect of its shares.

Corporate Reorganisation

Corporate reorganisation involving a company incorporated in Hong Kong may be effected in a number of ways, such as a transfer of the whole or part of the business or property of the company in the course of voluntary winding up to another company pursuant to section 237 of the Companies (WUMP) Ordinance or a compromise or arrangement between the company and its creditors or between the company and its members pursuant to sections 673 and 674 of the Companies Ordinance, which requires the sanction of the court. Under the PRC laws, merger, division, dissolution or change the form of a joint stock limited company has to be approved by shareholders at the shareholders' general meeting.

Dispute Arbitration

In Hong Kong, disputes between shareholders on the one hand, and a company incorporated in Hong Kong or its directors on the other hand, may be resolved through legal proceedings in the courts. The Mandatory Provisions provide that such disputes should be submitted to arbitration at either the Hong Kong International Arbitration Centre or the China International Economic and Trade Arbitration Commission, at the claimant's choice.

Mandatory Deductions

Under the PRC Company Law, a joint stock limited company is required to contribute 10% of the profit into their statutory reserve funds upon distribution of their post-tax profits of the current year. There are no corresponding provisions under Hong Kong law.

Remedies of our Company

Under the PRC Company Law, if a director, supervisor or senior management in carrying out his duties infringes any law, administrative regulation or the articles of association of a company, which results in damage to the company, that director, supervisor or senior management should be responsible to the company for such damages. In addition, the Listing Rules require listed companies' articles of association to provide for remedies of the company similar to those available under Hong Kong law (including rescission of the relevant contract and recovery of profits from a director, supervisor or senior management).

Dividends

The Company has the power in certain circumstances to withhold, and pay to the relevant tax authorities, any tax payable under PRC laws on any dividends or other distributions payable to a shareholder. Under Hong Kong law, the limitation period for an action to recover a debt (including the recovery of dividends) is six years, whereas under PRC laws, the relevant limitation period is three years.

Fiduciary Duties

In Hong Kong, there is the common law concept of the fiduciary duty of directors. Under the PRC Company Law and the Special Regulations, directors, supervisors and senior management should be loyal and diligent. Under the Mandatory Provisions, directors, supervisors and senior management are not permitted, without the knowledge and approval of the shareholders' general meeting, to engage in any activities which compete with the interests of the company.

Closure of Register of Shareholders

The Companies Ordinance requires that the register of shareholders of a company must not generally be closed for the registration of transfers of shares for more than 30 days (extendable to 60 days in certain circumstances) in a year, whereas, as required by the Mandatory Provisions, share transfers shall not be registered within 30 days before the date of a shareholders' general meeting or within five days before the base date set for the purpose of distribution of dividends.

Amendment to Articles of Association

A PRC issuer may not permit or cause any amendment to be made to its articles of association which would contravene the PRC Company Law, the Mandatory Provisions and the Listing Rules.

OVERVIEW

This Appendix contains the summary of the principal provisions of the Articles of Association. The Articles of Association of the Company shall take effect on the date of the H Shares being listed on the Stock Exchange. The main purpose of this appendix is to provide an overview of the Company's Articles of Association for potential investors, so it may not contain all the information that is important.

SHARES AND REGISTERED CAPITAL

The Company shall set up ordinary Shares at any time. According to the Company's needs, the Company may create other classes of Shares upon approval from the authorized department of the State Council.

The Shares of the Company shall take the form of share certificates. All the shares issued by the Company shall have a par value, which shall be RMB1 for each share.

The Shares of the Company shall be issued in accordance with the principles of open, fairness and justice. Each share of the same class shall carry the same rights.

Shares of the same class and in the same issue shall be issued on the same conditions and at the same price. Any entity or individual shall pay the same price for each of the Shares it/he/she subscribes for.

INCREASE AND REDUCTION OF CAPITAL AND BUYBACK OF SHARES

Capital Increase

In light of the Company's operational and developmental needs, the Company may increase its capital in accordance with the laws and regulations and subject to relevant requirements of these Article of Association and a resolution of the general meeting, by any of the following methods:

(1) a public offering of shares;

(2) allotment of new shares to existing shareholders;

(3) allotment of bonus shares to existing shareholders;

(4) conversion of other reserve to share capital; or

(5) other methods permitted by laws and administrative regulations and approved by relevant competent authorities.

Reduction of Capital

The Company may reduce its registered capital in accordance with the Articles of Association. If the Company reduces its registered capital, it shall do so by the procedures set forth in the Company Law, other relevant regulations and these Articles of Association.

If the Company is to reduce its registered capital, it must prepare a balance sheet and a list of its property.

The Company shall notify its creditors to reduce its registered capital and publish a public announcement in accordance with the Company Law, and pay its debts or provide a corresponding security for repayment as required by the creditors.

Repurchase of Shares

The Company shall not acquire its shares. However, the Company may, in the following circumstances, buy back its own outstanding shares by the procedures provided for in laws and these Articles of Association:

(1) to reduce the registered capital of the Company;

(2) to merge with other companies that hold shares in the Company;

(3) to use the shares for employee shareholding schemes or as share incentives;

(4) to acquire the shares of shareholders (upon their request) who vote against any resolution adopted at any general meetings on the merger or division of the Company;

(5) to use the shares to satisfy the conversion of those corporate bonds convertible into shares issued by the Company;

(6) to safeguard corporate value and shareholders' equity as the Company deems necessary; or

(7) other methods permitted by laws, administrative regulations and listing rules of the stock exchange on which the Company's shares are listed.

Unless the Company is undergoing liquidation, it shall comply with the following provisions in repurchasing its outstanding shares:

(1) for repurchases of shares by the Company at their par value, payment shall be made from the book balance of distributable profit of the Company or from the proceeds of issuance of new shares for that purpose;

(2) where the Company repurchases its shares at a premium to its par value, payment up to the par value shall be made from the book balance of distributable profit of the Company or from the proceeds of issuance of new shares for that purpose. Payment of the portion which is in excess of the par value shall be made as follows:

    (i) if the shares being repurchased were issued at par value, payment shall be made from the book balance of distributable profit of the Company;

    (ii) if the shares being repurchased were issued at a premium to its par value, payment shall be made from the book balance of distributable profit of the Company and/or the proceeds of issuance of new shares for that purpose, provided that the amount deducted from the proceeds of issuance of new shares shall not exceed the aggregate amount of the premium received by the Company from the issuance of the shares so repurchased, nor shall it exceed the amount in the Company's other reserve fund amount (including premiums on the new share) at the time of such repurchase;

(3) the Company shall make the following payments from the Company's distributable profits:

    (i) acquisition of the right to repurchase its own shares;

    (ii) modification of any contracts for the repurchase of its shares;

    (iii) release from any of its obligations under any repurchase contract.

(4) after the aggregate par value of the cancelled shares is deducted from the Company's registered capital in accordance with relevant provisions, the amount deducted from the distributable profit used for the repurchase of the shares at par value shall be credited to the Company's other reserve fund account.

FINANCIAL ASSISTANCE FOR THE PURCHASE OF COMPANY SHARES

Neither the Company nor its subsidiaries shall at any time provide any financial assistance in any form to purchasers or prospective purchasers of shares of the Company. Purchasers of shares of the Company as referred to above shall include persons that directly or indirectly assumes obligations as a result of purchasing shares of the Company.

Neither the Company nor its subsidiaries shall at any time provide any financial assistance in any form to the above obligors in order to reduce or release them from their obligations.

The term "financial assistance" shall include but not be limited to financial assistance in the forms set forth below:

(1) gift;

(2) security (including the assumption of liability or the provision of property by the guarantor to secure the performance of obligations by the obligor), indemnity (excluding, however, indemnity arising from the Company's own fault), release or waiver of any rights;

(3) provision of a loan or conclusion of a contract under which the obligations of the Company are to be fulfilled before the fulfilment of obligations of the other party to the contract, or a change in the parties to, or the assignment of rights under, such loan or contract; and

(4) any other form of financial assistance given by the Company when the Company is insolvent or has no net asset or when its net assets would thereby be reduced to a material extent.

The "assumption of obligations" means the assumption of obligations by way of contract or by way of arrangement (irrespective of whether such contract or arrangement is enforceable or not, and irrespective of whether such obligations are to be borne by the obligor solely or jointly with other persons), or by any other means which results in a change in the obligor's financial condition.

The following acts shall not be prohibited:

(1) the financial assistance provided by the Company is either genuinely for the interests of the Company and the main principal purpose of such financial assistance is not to purchase shares of the Company, or the financial assistance is an incidental part of certain overall plan of the Company;

(2) the lawful distribution of the Company's properties by way of dividends;

(3) the allotment of bonus shares as dividends;

(4) a reduction of registered capital, repurchase of shares or adjustment of the share capital structure effected in accordance with these Articles of Association;

(5) the provision by the Company of a loan within its scope of operation and in the ordinary course of its business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the net assets are thereby reduced, the financial assistance is provided out of its distributable profit);

(6) the provision of funds by the Company for an employee shareholding schemes (provided that the net assets of the Company are not thereby reduced or that, to the extent that the net assets are thereby reduced, the financial assistance is provided out of its distributable profit).

SHARE CERTIFICATES AND REGISTER OF MEMBERS

Share Certificates

The share certificates of the Company shall be in registered form.

The share certificates of the Company shall contain items required by the Company Law and other items required to be specified by the Stock Exchange.

The share certificates shall be signed by the chairman of the Board of Directors of the Company. Where the stock exchange on which the shares of the Company are listed requires the share certificates to be signed by other senior management of the Company, the share certificates shall also be signed by such senior management. The share certificates shall take effect after being affixed or printed with the seal of the Company. The share certificates shall only be affixed with

the Company's seal with the authorization of the Board of Directors. The signatures of the chairman of the Board of Directors or other relevant senior management on the share certificates may also be in printed form.

If the Company's shares are issued and traded in paperless form, the regulations of the securities regulator of the place where the shares of the Company are listed shall apply.

Register of Members

The Company shall keep a register of shareholders, in which the following items shall be recorded:

(1) the name, address (place of domicile), occupation or nature of business of each shareholder;

(2) the class and number of shares held by each shareholder;

(3) the amount paid-up or payable in respect of shares held by each shareholder;

(4) the serial numbers of the shares held by each shareholder;

(5) the date on which each shareholder was registered as a shareholder;

(6) the date on which any shareholder ceased to be a shareholder.

Unless there is evidence to the contrary, the register of members shall be the sufficient evidence of the shareholders' shareholding in the Company.

The Company may, in accordance with the mutual understanding and agreements made between the CSRC and overseas securities regulatory authorities, keep its register of holders of overseas-listed foreign shares outside of the PRC and appoint overseas agent(s) to manage such register. The original register of holders of H shares shall be maintained in Hong Kong.

The Company shall maintain a duplicate of the register of holders of overseas-listed foreign shares at its place of domicile. The designated overseas agent(s) shall ensure consistency between the original version and the duplicate register of holders of overseas-listed foreign shares at all times. If there is any inconsistency between the original and the duplicate register of holders of overseas-listed foreign shares, the original version shall prevail.

The Company shall maintain a complete register of members. The register of members shall include the following parts:

(1) the register of members which is maintained at the Company's place of domicile (other than those share registers which are described in paragraphs (2) and (3) of this Article);

(2) the register of members in respect of the holders of overseas-listed foreign shares of the Company which is maintained at the place where the overseas stock exchange on which the shares are listed is located;

(3) the register of members which is maintained in such other place as the Board of Directors may consider necessary for the purpose of listing of the Company's shares.

Different parts of the register of members shall not overlap one another. No transfer of the shares registered in any part of the register shall, during the existence of that registration, be registered in any other part of the register of members.

Alteration or rectification of each part of the register of members shall be made in accordance with the laws of the place where that part of the register of members is maintained.

Applicable laws, regulations and the provisions of the Listing Rules of the Stock Exchange on the period of suspension of share registration and transfers before the convening of the shareholders' meeting or the benchmark date, on which the Company decides to distribute dividends, shall prevail.

When the Company intends to convene a general meeting, distribute dividends, enter into liquidation and engage in other activities that require determination of shareholdings, the Board of Directors shall determine a specific date as equity determination date, registered shareholders at the end of which shall be the shareholders entitled to the relevant rights and interests.

Any person who challenges the register of members and requests to have his/her name included in or removed from the register of members may apply to the court having jurisdiction for rectification of the register of members.

Any shareholder who is registered in, or any person who requests to have his name (title) entered into, the register of members may apply to the Company for issuance of a replacement share certificate in respect of such shares (the "**relevant shares**") if his/her share certificate (the "**original share certificate**") is lost.

The Company shall not have any obligation to indemnify any person for any damage suffered thereby arising out of the cancellation of the original share certificate or the issuance of a replacement share certificate, unless such person concerned can prove fraud on the part of the Company.

RIGHTS AND OBLIGATIONS OF THE SHAREHOLDERS

A shareholder of the Company is a person who lawfully holds shares of the Company and whose name is recorded in the register of members.

A shareholder shall enjoy relevant rights and assume relevant obligations in accordance with the class and number of shares he/she holds. Shareholders holding the same class of shares shall have the same rights and assume the same obligations.

Where the shareholder of the Company is a legal person, its legal representative or a person authorized by the legal representative shall exercise its rights on its behalf.

Holders of the ordinary shares of the Company shall enjoy the following rights:

(1) the right to dividends and other distributions in proportion to the number of shares held;

(2) the right to attend or appoint proxies to attend general meetings and to exercise the corresponding voting right;

(3) the right to supervise, present proposals or raise enquiries in respect of the Company's business operations;

(4) the right to transfer, give as a gift or pledge the shares it holds in accordance with laws, administrative regulations, the Listing Rules of the Stock Exchange and the Articles of Association;

(5) the right to obtain relevant information in accordance with the Articles of Association, including:

    (i) The right to obtain a copy of the Articles of Association, subject to payment of a reasonable fee;

    (ii) The right to inspect and copy, subject to a payment of a reasonable fee:

        A. All parts of the register of members;

B. Personal information of each of the Company's directors, supervisors and senior management, including:

a. present and former name or alias;

b. principal address (place of domicile);

c. nationality;

d. full-time and all other part-time occupations and positions;

e. identity document and its number.

C. the state of the Company's issued share capital;

D. reports showing the aggregate par value, quantity, the maximum and minimum prices paid in respect of each class of shares repurchased by the Company since the end of the last financial year, and the aggregate amount paid by the Company for this purpose;

E. minutes of general meetings (only the Company's shareholders are entitled to inspect).

(6) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining property of the Company in proportion to the number of shares held;

(7) such other rights conferred by laws, administrative regulations and the Articles of Association.

Shareholders of common shares of the Company shall have the following obligations:

(1) to abide by laws, regulations and the Articles of Association;

(2) to pay the share subscription price based on the shares subscribed for by them and the method of acquiring such shares;

(3) not to return Shares unless prescribed otherwise in laws and administrative regulations;

(4) not to abuse shareholders' rights to infringe upon the interests of the Company or other shareholders; not to abuse the Company's status as an independent legal entity or the limited liability of shareholders to harm the interests of the Company's creditors;

Any shareholder who abuses shareholders' rights and causes the Company or other Shareholders to suffer a loss shall be liable for making compensation in accordance with the law;

Any shareholder who abuses the status of the Company as an independent legal entity or the limited liability of shareholders to evade debts and severely harm the interests of the Company's creditors shall assume joint and several liability for the Company's debts;

(5) to assume other obligations required by laws, administrative regulations and the Articles of Association.

Shareholders shall not be liable to make any further contributions to the share capital other than according to the terms agreed by the subscribers at the time of share subscription.

RESTRICTION ON RIGHTS OF THE CONTROLLING SHAREHOLDERS

In addition to obligations imposed by laws and regulations or required by the Listing Rules of the Stock Exchange, a controlling shareholder of the Company exercises his/her right as a shareholder, he/she shall not exercise his/her voting rights in respect of the following matters in a manner prejudicial to the interests of all or part of the shareholders of the Company:

(1) to waive a director or supervisor of his responsibility to act honestly in the best interests of the Company;

(2) to approve the expropriation by a director or supervisor (for his/her own benefits or for the benefits of another person), in any way, of the Company's properties, including but not limited to any opportunities beneficial to the Company;

(3) to approve the expropriation by a director or supervisor (for his own benefits or for the benefits of another person) of personal rights of other shareholders, including but not limited to rights to distributions and voting rights save pursuant to a corporate restructuring passed at a general meeting in accordance with the Articles of Association.

GENERAL MEETING

General Rules for Convening a General Meeting

The general meeting is the organ of the highest authority of the Company and shall exercise the following functions and powers:

(1) to decide on the operating policies and investment plans of the Company;

(2) to elect and replace directors or supervisors respectively other than a director or supervisor who is an employee representative; and to decide on matters relating to their remuneration;

(3) to review and approve reports of the Board of Directors;

(4) to review and approve reports of the Board of Supervisors;

(5) to review and approve the annual financial budgets and final accounts of the Company;

(6) to review and approve the profit distribution plans and loss recovery plans of the Company;

(7) to adopt resolutions on increasing or reducing the registered capital of the Company;

(8) to adopt resolutions on the merger, division, dissolution, liquidation or change in corporate form of the Company;

(9) to adopt resolutions on the issuance of corporate bonds, other securities and their listing;

(10) to adopt resolutions on the engagement, renewal or non-renewal, or dismissal of the engagement of accounting firms by the Company;

(11) to amend the Articles of Association;

(12) to provide guarantee for the benefit of the shareholders;

(13) to review and approve the provision of guarantee within one year at an amount in the aggregate exceeding 30% of the latest audited total assets of the Company;

(14) to review and approve the purchase or the sale of major assets by the Company within one year, the amount of which exceeds 30% of the latest audited total assets of the Company;

(15) to review matters raised by a shareholder alone or shareholders jointly holding no less than 3% of the voting shares of the Company;

(16) to view other matters that required to be resolved by the general meeting as prescribed by the law, administrative regulations, departmental rules, the Listing Rules of the Stock Exchange and these Articles of Association.

The Company shall not conclude any contract with any person other than a director, a supervisor, senior management whereby such person is put in charge of the management of all or a substantial part of the Company's business without the approval of the general meeting.

General meetings include annual general meetings and extraordinary general meetings. In general, general meetings shall be convened by the Board of Directors. Annual general meetings shall be convened once a year and within six months after the end of the preceding fiscal year.

The Company shall convene an extraordinary general meeting within two months from the date of the occurrence of any of the following circumstances:

(1) the number of directors is less than the number provided for in the Company Law or less than two-thirds of the number prescribed in these Articles of Association;

(2) the losses of the Company that have not been made up reach one-third of its total paid in share capital;

(3) such is requested in writing by a shareholder alone or shareholders jointly holding no less than 10% of the Company's outstanding voting shares;

(4) the Board of Directors considers it necessary;

(5) two or more independent non-executive directors propose that such a meeting shall be held;

(6) the Board of Supervisors proposes that such a meeting shall be held;

(7) other circumstances as specified by laws, regulations and the Listing Rules of the Stock Exchange and these Articles of Association.

A shareholder alone or shareholders jointly holding no less than 10% of the Company's shares shall have the right to make a request to the Board of Directors in writing to convene an extraordinary general meeting. If the Board of Directors fails to issue a notice calling the general meeting within 30 days after the receipt of the request, the shareholder alone or shareholders jointly holding no less than 10% of the Company's shares shall have the right to propose to the Board of Supervisors in writing to convene an extraordinary general meeting. If the Board of Supervisors fails to issue a notice calling the general meeting within 30 days, a shareholder who alone or shareholders who jointly holding no less than 10% of the shares of the Company for at least 90 days in succession may himself/herself/themselves convene and preside over such meeting.

Proposals of General Meetings

A shareholder alone or shareholders jointly holding no less than 3% of the voting shares of the Company may submit extempore motions in writing to the convenor ten (10) days prior to the date of general meeting. The convenor shall issue a supplemental notice of general meeting and make a public announcement of the contents of such extempore motion within two (2) days after receipt of the motion, and submit such extempore motion to the general meeting for consideration. The contents of such an extempore motion shall fall within the authority of general meetings, with definite topics to discuss and specific matters to resolve.

Except as provided in the preceding paragraph, the convenor, after issuing the notice of the general meeting, shall neither modify the proposals stated in the notice of general meetings nor add new proposals.

Notices of General Meetings

Where a general meeting is convened by the Company, it shall issue a written notice twenty (20) days prior to the convening of the annual general meeting or fifteen (15) days prior to the convening of the extraordinary general meeting to notify shareholders. When calculating the starting date, the date of the meeting shall be excluded. The notice shall include date, time and venue of the meeting and matters to be considered at the meeting and a statement indicating that shareholders is entitled to appoint proxies to attend and vote at such meeting on his/her behalf in writing.

Notice of general meeting shall be served to any shareholder (whether has voting right on general meeting or not) either by hand or by post in a prepaid mail, addressed to such shareholder at his/her/its registered address as shown in the register of members, or by public announcement through the Company's website or website designated by the stock exchange on which the Company's shares are listed, subject to the applicable laws, regulations and listing rules. For holders of domestic shares, the notice of a general meeting may also be given by public announcement.

Convening of General Meetings

Any shareholder entitled to attend and vote at a general meeting shall have the right to appoint one (1) or more persons (who may not be a shareholder) as his/her proxies to attend and vote on his/her behalf. Such proxies may exercise the following rights as entrusted by the shareholder:

(1) the shareholder's right to speak at the general meeting;

(2) the right to demand by himself or jointly with others, to vote by way of poll;

(3) unless otherwise provided by the Listing Rules of the Exchange or other securities laws and regulations, the right to vote by show of hands or on a poll, except that if a shareholder has appointed more than one (1) proxy, such proxies may only exercise their voting rights on a poll.

Shareholders shall appoint their proxies by written instruments, which shall be signed by the principals or their agents appointed in writing. If the principal is a legal person, the instrument shall be under the seal of the legal person or signed by its director(s) or duly authorized agent(s).

The instrument appointing a voting proxy shall be placed at the domicile of the Company or at such other place as specified in the notice of the meeting at least 24 hours before the commencement of the relevant meeting at which the proxy is authorized to vote or 24 hours before the specified time of the vote.

If a general meeting is convened by the board of directors, the chairman of the Board of Directors shall serve as host and preside over the meeting. If the chairman of the Board of Directors fails or is unable to perform his or her duties, the meeting shall be presided by the vice chairman of the board of directors, if the vice chairman of the board of directors fails or is unable to perform his or her duties, the meeting shall be presided over by the director designated by the Board of Directors.

If the Board of Directors fails or is unable to perform its duty to convene the general meeting, the Board of Supervisors shall convene and preside the general meeting. If the Board of Supervisors fails or is unable to convene and preside the general meeting, a shareholder alone or shareholders jointly holding no less than 10% of the shares of the Company for 90 consecutive days or more may by itself/himself/herself/themselves convene and preside the general meeting.

Voting and Resolutions of General Meeting

Resolutions of the general meeting include ordinary resolutions and special resolutions. Ordinary resolution at a general meeting shall be adopted by shareholders in attendance (including proxies) holding more than half of the voting rights. Special resolution at a general meeting shall be adopted by shareholders in attendance (including proxies) holding at least two-thirds of the voting rights.

Shareholders (including proxies) shall exercise their voting rights according to the number of voting shares they represent, with one vote for each share. Shares in the Company which are held by the Company do not carry any voting rights, and shall not be counted in the total number of voting shares represented by shareholders present at a general meeting.

When a poll is taken at a meeting, a shareholder (including his proxy) who has the right to two (2) or more votes need not cast all his votes in the same way. When the number of votes for and against a resolution is equal, whether the vote is taken by a show of hands or on a poll, the chairman of the meeting shall be entitled to one additional vote.

Decisions of the general meeting on any of the following matters shall be adopted by special resolution:

(1) the increase or reduction of the registered capital and issuance of any class of shares, warrants or other similar securities by the Company;

(2) the issuance of corporate bonds;

(3) the division, merger, dissolution and liquidation or change in the corporate form of the Company;

(4) the amendment to these Articles of Association;

(5) other matters which the laws, administrative regulations or these Articles of Association require to be adopted by special resolutions and which the general meeting considers will have a material impact on the Company and therefore require, by an ordinary resolution, to be adopted by special resolution.

Procedures for Voting by Class Shareholders

Shareholders that hold different classes of shares shall be class shareholders. Class shareholders shall enjoy rights and assume obligations in accordance with laws and these Articles of Association.

Apart from holders of other classes of shares, holders of Domestic Shares and overseas-listed foreign shares are deemed to be shareholders of different classes. The Company shall not proceed to change or abrogate the rights of class shareholders unless such proposed change or abrogation has been approved by way of a special resolution at a general meeting and by a separate shareholder meeting convened by the class shareholders so affected in accordance with the Articles of Association.

The rights of shareholders of a certain class shall be deemed to have been changed or abrogated in the following circumstances:

(1) An increase or decrease in the number of shares of such class or an increase or decrease in the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;

(2) a conversion of all or part of the shares of such class into shares of another class, a conversion of all or part of the shares of another class into shares of such class or the grant of the right to such conversion;

(3) a removal or reduction of rights to accrued dividends or cumulative dividends attached to shares of such class;

(4) a reduction or removal of a dividend preference or property distribution preference during liquidation of the Company, attached to shares of such class;

(5) an addition, removal or reduction of share conversion rights, options, voting rights, transfer rights, pre-emptive rights to rights issues or rights to acquire securities of the Company attached to shares of such class;

(6) a removal or reduction of rights to receive amounts payable by the Company in a particular currency attached to shares of such class;

(7) a creation of a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of that class;

(8) an imposition of restrictions or additional restrictions on the transfer or ownership of shares of such class;

(9) an issuance of rights to subscribe for, or convert into, shares of such class or another class;

(10) an increase in the rights and privileges of shares of another class;

(11) restructuring of the Company which causes shareholders of different classes to bear liability to different extents during the restructuring;

(12) any amendment or abrogation of the provisions of this section.

Shareholders of the affected class, whether or not having the right to vote at general meeting, shall have the right to vote at class meetings in respect of matters referred to in above paragraphs (2) to (8) and (11) to (12), except that interested shareholders shall not have the right to vote at class meetings.

The term "interested shareholders" in the preceding paragraph shall have the following meanings:

(1) if the Company has made a buyback offer to all shareholders in the same proportion or has bought back its own shares through open market transactions on a stock exchange in accordance with Article 32 of these Articles of Association, the controlling shareholders as defined in these Articles of Association shall be "interested shareholders";

(2) if the Company has bought back its own shares by an agreement outside of a stock exchange in accordance with Article 32 of these Articles of Association, holders of shares in relation to such agreement shall be "interested shareholders";

(3) under a restructuring proposal of the Company, shareholders who will bear liability in a proportion smaller than that of the liability borne by other shareholders of the same class, or shareholders who have an interest in a restructuring proposal of the Company that is different from the interest in such restructuring proposal of other shareholders of the same class shall be "interested shareholders".

The quorum of a class meeting shall be holder(s) of no less than one-third of the issued shares of such class. Resolutions of a class meeting may be passed only by shareholders present at the class meeting representing no less than two-thirds of the voting rights in accordance with relevant provisions in the Articles of Associations.

When convening a class meeting, the Company shall issue a written notice within the time requirement of the non-class meeting. If the regulations where the Company is listed regulates otherwise, such regulations shall prevail.

The procedure according to which class shareholders' meetings are held shall, to the extent possible, be identical to the procedure according to which general meetings are held. Provisions of these Articles of Association relevant to procedures for the holding of general meetings shall be applicable to class shareholders' meetings.

The special procedure for voting by class shareholders shall not apply under the following circumstances:

(1) where the Company issues domestic shares and overseas-listed foreign shares, upon approval by a special resolution of the general meeting, either separately or concurrently once every 12 months, and the quantity of domestic investment shares and overseas-listed foreign investment shares intended to be issued does not exceed 20% of the outstanding shares of the respective classes;

(2) where the Company's plan to issue domestic shares and overseas-listed foreign shares upon its incorporation is implemented within 15 months from the date of approval by the securities regulatory authorities under the State Council;

(3) where, as approved by the State Council or its authorized regulatory authorities, the conversion of domestic shares of the Company into foreign shares and the listed and trading of such shares on an overseas stock exchange.

DIRECTORS AND BOARD OF DIRECTORS

Directors

Directors shall be elected or replaced at the general meeting and may be removed before the expiry of the term at the general meeting. Every term of a director is three (3) years, and upon expiry of the term, a director shall be eligible for re-election and re-appointment.

Subject to the compliance with the relevant laws and administrative regulations, the general meeting may by ordinary resolution remove any director before the expiration of his term of office without prejudice to the director's right as provided in any contracts to claim for damages arising from his removal.

A Director is not required to hold any share in our Company by way of qualification.

Board of Directors

The Company shall set up a board of directors which shall be accountable to the general meetings. The board of directors shall consist of 7-9 directors, including at least 3 independent non-executive directors and accounting for at least one-third of the members of the Board of Directors. The board of directors shall consist of one (1) chairman. The chairman shall be elected and removed by more than one-half of all directors. The term of office of the chairman shall be three (3) years, renewable upon re-election.

The board of directors is accountable to the general meetings and exercise the following functions and powers:

(1) to convene general meetings and report to the general meetings;

(2) to implement resolutions of the general meetings;

(3) to decide on the Company's business plans and investment plans;

(4) to formulate the annual financial budgets and final accounts of the Company;

(5) to formulate the Company's profit distribution plans and plans on making up losses;

(6) to formulate proposals for the increase or reduction of the Company's registered capital, the issuance of bonds or other securities of the Company and listing of shares of the Company;

(7) to formulate plans for the Company's merger, division, dissolution or change of corporate form;

(8) to formulate plans for the Company's substantial acquisitions and sale, and repurchase of shares of the Company;

(9) within the scope authorized by the general meeting, to decide on such matters as the Company's external investments, acquisition and disposal of assets, provision of security on the Company's assets, provision of guarantee, wealth management entrustment and related party transactions etc.;

(10) to decide on establishment of internal management organs of the Company;

(11) to decide the establishment of committees of the Board of Directors; appoint or dismiss chairman (convenor) of the committees of the Board of Directors;

(12) to engage or dismiss the Company's general manager and secretary to the Board of Directors, company secretary; to engage or dismiss senior management including deputy general manager(s) and the person in charge of finance of the Company in accordance with the nominations by general manager, and to decide on their remunerations;

(13) to formulate the basic management system of the Company;

(14) to formulate proposals to amend these Articles of Association;

(15) to formulate proposals to adopt share incentive plan of the Company;

(16) to manage information disclosure of the Company;

(17) to propose to the general meeting the appointment or replacement of the accounting firm that provides audit service of annual financial statement to the Company;

(18) to listen to work reports submitted by the general manager of the Company and review his/her work;

(19) to decide material matters and administrative matters other than those matters required to be decided by the general meeting of the Company in accordance with laws, administrative regulations, department regulations and these Article of Association;

(20) other functions and powers provided for in laws, administrative regulations, department regulations, listing rules of the Stock Exchange and these Articles of Association, and conferred at general meetings.

Except for the Board of Directors resolutions in respect of the matters specified in paragraphs (6), (7) and (14) which shall be passed by no less than two-thirds of the directors, the Board of Directors resolutions in respect of all other matters set out in the preceding paragraph may be passed by more than half of the directors.

Meetings of the board of directors may be held only if more than one half of the directors are present. Vote on Board of Directors resolution shall be carried out on the basis of one person one vote.

If any director is associated with the enterprises that are involved in the matters to be resolved at the meeting of the Board of Directors, he or she shall not exercise his or her voting rights for such matters, nor shall such director exercise voting rights on behalf of other directors. Such meeting of the Board of Directors may be held only if more than one half of the directors without a connected relationship are present, and the resolutions made at such a meeting of the Board of Directors shall be passed by more than one half of the directors without a connected relationship. If the number of non-connected directors present at such meeting is less than three, the matter shall be submitted to the general meeting for consideration.

SECRETARY OF THE BOARD

The Company shall have a secretary to the Board of Directors. The secretary to the Board of Directors is a member of the senior management of the Company.

The secretary to the Board of Directors of the Company shall be a natural person with the requisite professional knowledge and experience and shall be appointed by the Board of Directors.

Any accountant from the accounting firm engaged by the Company shall not concurrently serve as the secretary to the Board of Directors of the Company.

BOARD OF SUPERVISORS

The Company shall establish a Board of Supervisors. The Board of Supervisors shall consist of three (3) supervisors, one of which shall be the chairman. The term of office of each supervisor shall be a period of three (3) years, renewable upon re-election. Any directors, general managers and other senior management shall not act concurrently as supervisors.

The Board of Supervisors consists of two (2) shareholders' representative supervisors and one (1) employee representative supervisor. Shareholders' representative supervisors shall be elected and removed by the general meeting, the employee representative supervisor shall be elected and removed by the employees of the Company democratically.

The Board of Supervisors shall be accountable to the general meeting and exercise the following functions and powers in accordance with law:

(1) to examine the Company's financial matters;

(2) to supervise the performance by the directors and senior management of their duties to the Company to ensure that there is no violation of laws, administrative regulations and the Articles of Association of the Company during their performance of the duties to the Company; to propose the dismissal of the directors and senior management who violates laws, administrative regulations, the Articles of Association of the Company or the resolutions of the general meeting;

(3) to demand rectification from the directors and senior management when the acts of such persons are harmful to the Company's interests;

(4) to verify the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the Board of Directors to the general meetings and, should any queries arise, to engage, in the name of the Company, certified public accountants and practising auditors for a re-examination of the aforesaid information;

(5) to propose the convening of extraordinary general meetings; to convene and preside the general meetings in the event that the Board of Directors fails to perform its duties to convene and preside the general meetings;

(6) to submit motion to the general meetings;

(7) to propose the convening of interim meeting of the Board of Directors;

(8) to communicate or sue directors and senior management on behalf of the Company in accordance with the Company Law;

(9) to investigate any abnormal matters during the business operation of the Company; if necessary, to engage professionals such as accounting firms or law firms to assist it in exercising its functions and powers with expenses being borne by the Company;

(10) other functions and powers provided by these Articles of Association;

(11) Supervisors may attend as a nonvoting delegate at the meeting of the Board of Directors.

GENERAL MANAGER AND OTHER MEMBERS OF THE SENIOR MANAGEMENT

The Company has one general manager, several deputy general managers and a chief financial officer. The general manager shall serve terms of three (3) years and may serve consecutive terms if reappointed by the Board of Directors.

Directors may concurrently serve as general manager or other senior management personnel.

The general manager shall be accountable to the Board of Directors and exercise the following functions and powers:

(1) to be in charge of the production, operation and management of the Company, and to report his/her works to the Board of Directors;

(2) to organize the implementation of the resolutions of the Board of Directors;

(3) to organize the implementation of the Company's annual business plans and investment plans;

(4) to draft plans for the establishment of the Company's internal management organization;

(5) to draft plans for the establishment of the Company's branches;

(6) to draft the Company's basic management system;

(7) to formulate the Company's basic regulations;

(8) to propose the appointment or dismissal of the Company's deputy general manager, chief financial officer or other senior management personnel;

(9) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors;

(10) such other functions and powers conferred by these Articles of Association or the Board of Directors.

BORROWING POWER

The Articles of Association do not contain any specific provision regarding the manner in which the Directors may exercise the right to borrow money or the manner in which such a right is given provided that the Board of Directors shall be entitled to develop proposals for the Company to issue bonds and to list its Shares, and that such bond issues must be approved by the Shareholders by a special resolution at the general Shareholders' meeting.

FINANCIAL AND ACCOUNTING SYSTEMS

The Company shall formulate its financial and accounting systems in accordance with the PRC laws and the PRC accounting standards formulated by relevant state authorities.

The Company shall prepare financial reports at the end of each fiscal year. Such reports shall be audited by an accounting firm in accordance with the law.

The Company shall publish financial reports twice every fiscal year, namely an interim financial report within 60 days after the end of the first six months of the fiscal year and an annual financial report within 120 days after the end of the fiscal year. Notwithstanding the foregoing, if the listing rules of the stock exchange on which the Company's shares are listed provide otherwise, such listing rules shall prevail.

The financial reports of the Company shall be made available for inspection by shareholders 20 days prior to the convening of an annual general meeting. Each shareholder of the Company shall have the right to obtain a copy of the financial reports referred to in this Chapter. Such financial reports shall include the report of the Board of Directors and financial reports together with the balance sheet (including all documents annexed to the balance sheet as prescribed by applicable laws), and the profit or loss statement or income and expenditure statement, or, to the extent not violate the PRC laws, the financial summary as approved by the Stock Exchange.

At least 21 days before the convening of the annual general meeting, the Company shall deliver copies of the aforesaid financial reports to each holder of overseas-listed foreign shares with the postage-paid mail, or other means as permitted by the laws and regulations of the place of listing of the Company's shares and the listing rules of the stock exchange where the Company's shares are listed (including by means of announcement on the Company's website or website(s) designated by the stock exchange where the Company's shares are listed). The addresses of the recipient shall be registered address as shown on the register of members.

The financial statements of the Company shall be prepared not only in accordance with PRC accounting standards and regulations, but also in accordance with international accounting standards or the accounting standards of the place outside the PRC where shares of the Company are listed. If there are major differences in the financial statements prepared in accordance with these two sets of accounting standards, such differences shall be stated in notes appended to such financial statements.

PROFIT DISTRIBUTIONS

Where the Company distributes its after-tax profits for a given year, it shall allocate 10% of the profits to its statutory reserve.

The Company shall no longer be required to make allocations to its statutory reserve once the aggregate amount of such reserve reaches at least 50% of its registered capital.

If the Company's statutory reserve is insufficient to make up losses from previous years, the Company shall use its profits from the current year to make up such losses before making the allocation to its statutory reserve in accordance with the preceding paragraph.

After making the allocation from its after-tax profits to its statutory reserve, the Company may, subject to a resolution of the general meeting, make an allocation from its after-tax profits to the discretionary reserve.

After the Company has made up its losses and made allocations to its reserves, the remaining profits of the Company shall be distributed in proportion to the shareholdings of its shareholders, unless these Articles of Association provide that distributions are to be made otherwise than proportionally. If the general meeting or the Board of Directors breaches the provisions of the preceding paragraphs by distributing profits to shareholders before the Company has made up its losses and made allocations to the statutory reserve, the shareholders must return to the Company the profits that were distributed in breach of the said provisions.

Shares of the Company that are held by the Company itself shall not participate in the distribution of profits.

The Company shall appoint receiving agents for holders of overseas-listed foreign investment shares to collect on behalf of the relevant shareholders the dividends distributed and other amount payable by the Company in respect of overseas-listed foreign investment shares.

The receiving agents appointed by the Company shall meet the requirements of the laws of the place or the relevant regulations of the stock exchange where the Company's shares are listed.

The receiving agents appointed by the Company for holders of overseas-listed foreign investment shares listed on the Stock Exchange shall be a trust company registered under the Trustee Ordinance of Hong Kong.

Subject to the laws of the PRC, the Company may exercise power to forfeit unclaimed dividends, provided that it does so only after the expiration of the applicable relevant period after the declaration of the dividends.

The Company has the power to cease sending dividend warrants by post to a given holder of overseas-listed foreign investment shares, provided that such power shall not be exercised until such dividend warrants have been so left uncashed on two consecutive occasions.

However, the Company may exercise such power after the first occasion on which such a warrant is returned undelivered.

The Company shall have the power to sell, in such manner as the Board of Directors thinks fit, any shares of a shareholder of overseas-listed foreign shares who is untraceable subject to the following conditions:

(1) the Company has distributed dividends at least three times in respect of such shares within 12 years, but none of such dividends was claimed;

(2) the Company has, after the expiration of a period of 12 years, made an announcement on one or more newspapers in the place in which the Company's shares are listed, stating its intention to sell such shares, and notify the securities regulatory authority of the place in which the Company's shares are listed of such intention.

DISSOLUTION AND LIQUIDATION OF THE COMPANY

The Company shall be dissolved in accordance with the law under any of the following circumstances:

(1) other circumstances triggering dissolution of the Company as set forth in these Articles of Association;

(2) the general meeting resolves to dissolve the Company;

(3) dissolution is necessary as a result of the merger or division of the Company;

(4) the Company is declared bankrupt in accordance with law because it is unable to pay its debts as they fall due;

(5) the Company's business license is revoked or it is ordered to close down or it is deregistered according to laws;

(6) serious difficulties arise in the operation and management of the Company and its continued existence would cause material loss to the interests of the shareholders and such difficulties cannot be resolved through other means, in which case shareholders holding at least 10% of all shareholders' voting rights of the Company may petition a People's Court to dissolve the Company.

Where the Company is dissolved according to the provisions of sub-paragraphs (1), (2), (5) and (6) of the preceding Article, it shall establish a liquidation committee and liquidation shall commence within 15 days from the date on which the cause for dissolution arose. The liquidation committee shall be composed of Directors or persons determined by a general meeting. If the Company fails to establish the liquidation committee and carry out the liquidation within the time limit, its creditors may petition a People's Court to designate relevant persons to form a liquidation committee and carry out the liquidation.

If the Company is to be dissolved pursuant to item (4) of the preceding Article, the People's Court shall, in accordance with the provisions of relevant laws, arrange for the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out liquidation.

If the Board of Directors decides that the Company shall be liquidated (except for the liquidation as a result of the Company's declaration of bankruptcy), the notice of the general meeting convened for such purpose shall include a statement to the effect that the Board of Directors has made full inquiry into the conditions of the Company and that the Board of Directors is of the opinion that the Company can pay its debts in full within 12 months after the commencement of the liquidation. The functions and powers of the Board of Directors of the Company shall terminate immediately after the general meeting has passed the resolution to carry out liquidation.

The liquidation committee shall take instructions from the general meeting and shall make a report to the general meeting on the committee's income and expenditure as well as the business of the Company and the progress of the liquidation at least annually. It shall make a final report to the general meeting when the liquidation is completed. The liquidation committee shall notify creditors within 10 days of its establishment, and make announcements on the newspapers designated by the stock exchange where the Company's shares are listed within 60 days of its

establishment. Creditors shall declare their claims to the liquidation committee within 30 days from the date of receipt of the written notice or, if they did not receive a written notice, within 45 days from the date of the announcement. When declaring their claims, creditors shall explain the particulars relevant to their claims and submit supporting documentation. The liquidation committee shall register the claims.

After the liquidation committee has liquidated the Company's property and prepared a balance sheet and property list, it shall formulate a liquidation plan and submit such plan to the general meeting or the People's Court for confirmation. The Company's property remaining after payment of the liquidation expenses, the wages, social insurance premiums and statutory compensation of the employees, the taxes owed and all the Company's debts shall be distributed by the Company to the shareholders in proportion to the shares they hold.

During liquidation, the Company shall continue to exist but may not engage in any business activities unrelated to the liquidation. The Company's property will not be distributed to the shareholders until repayment of its debts in accordance with the preceding paragraph.

If the liquidation committee, having liquidated the Company's property and prepared a balance sheet and property list, discovers that the Company's property is insufficient to pay its debts in full, it shall apply to the People's Court for a declaration of bankruptcy in accordance with the law. After the People's Court has ruled to declare the Company bankrupt, the liquidation committee shall turn over the liquidation matters to the People's Court.

Following the completion of liquidation of the Company, the liquidation committee shall formulate a liquidation report, a revenue and expenditure statement and financial accounts in respect of the liquidation period and, after verification thereof by a certified public accountant in China, submit the same to the general meeting or the People's Court for confirmation. Within 30 days from the date of the general meeting's or the People's Court's confirmation, the liquidation committee shall submit the aforementioned documents to the company registration authority to apply for company deregistration, and announce the Company's termination.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

The Company shall amend these Articles of Association in accordance with the laws and these Articles of Association. If an amendment to these Articles of Association involves matters requiring the approval from the competent regulatory authority to become effective, it shall be submitted to the competent regulatory authority for approval. If an amendment to these Articles of Association involves a registered item of the Company, registration of the change shall be carried out in accordance with the law.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of Our Company

Our Company was established as a limited liability company in the PRC on September 9, 2015.

As of the date of this prospectus, our Company's head office is located at Room 21, 4th Floor, Building 2, A2 Yard, West Third Ring North Road, Haidian District, Beijing, PRC. Our Company has established a principal place of business in Hong Kong at Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong and has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on July 6, 2021 with the Registrar of Companies in Hong Kong. Ms. FUNG Po Ting, one of our joint company secretaries, has been appointed as the authorized representative of our Company for the acceptance of service of process in Hong Kong. The address for service of process is Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

As our Company was established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in "Appendix V — Summary of the Articles of Association." A summary of certain relevant aspects of the laws and regulations of the PRC is set out in "Appendix IV — Summary of Principal Legal and Regulatory Provisions."

2. Changes in Share Capital of Our Company

Save as disclosed in "History and Corporate Structure — Corporate History — Establishment and Major Shareholding Changes of Our Company", there has been no alteration in the share capital of our Company since its incorporation.

3. Changes in Share Capital of Our Subsidiaries

Details of our subsidiaries are set out in "History and Corporate Structure — Our Subsidiaries" and note 1 to the Accountants' Report as set out in Appendix I to this prospectus.

On December 11, 2020, Shanghai Yidaitang Biotechnology Co., Ltd.* (上海怡戴堂生物科技有限公司) transferred its 29% equity interest in Airdoc Beijing to Airdoc Shanghai, upon completion of which Airdoc Beijing was owned as to 80% by Airdoc Shanghai and 20% by Airdoc Beijing Technology Center (Limited Partnership)* (北京鷹瞳科技中心(有限合夥)), a limited partnership owned as to 99% by Mr. Chen and 1% by Mr. Gao, respectively.

On May 17, 2021, Airdoc Beijing Technology Center (Limited Partnership) transferred its 20% equity interests in Airdoc Beijing to Airdoc Shanghai.

Save as disclosed above, there has been no alteration in the share capital of the subsidiaries of our Company within two years immediately preceding the date of this prospectus.

4. Shareholders' Resolutions

At the extraordinary general meeting of our Company held on May 12, 2021, among other things, the following resolutions were passed by the Shareholders:

(a) the issue by our Company of H Shares of nominal value of RMB1.00 each and such H Shares be listed on the Stock Exchange;

(b) granting the Underwriters the Over-allotment Option of no more than 15% of the number of H Shares to be issued pursuant to this resolution;

(c) subject to the CSRC's approval, upon completion of the Global Offering, 3,666,918 Unlisted Foreign Shares in aggregate held by our foreign Shareholders will be converted into H Shares on a one-for-one basis;

(d) subject to the completion of the Global Offering, the granting of a general mandate to the Board to allot and issue H Shares at any time within a period up to the date of the conclusion of the next annual general meeting of the Shareholders or the date on which the Shareholders pass a special resolution to revoke or change such mandate, whichever is earlier, upon such terms and conditions and for such purposes and to such persons as the Board in their absolute discretion deem fit, and to make necessary amendments to the Articles of Association, provided that, the number of H Shares to be issued shall not exceed 20% of the number of H Shares in issue as at the Listing Date;

(e) subject to the completion of the Global Offering, the conditional adoption of the Articles of Association, which shall become effective on Listing Date; and

(f) authorization of the Board and its authorized persons to handle all matters relating to, among other things, the Global Offering, the issue and listing of the H Shares.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by us or any of our subsidiaries within the two years preceding the date of this prospectus that are or may be material:

(a) the Hong Kong Underwriting Agreement;

(b) a cornerstone investment agreement dated October 22, 2021 entered into among the Company, UBS Securities Hong Kong Limited, CLSA Capital Markets Limited, CLSA Limited and CloudAlpha Master Fund, pursuant to which CloudAlpha Master Fund agreed to subscribe for H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$15 million;

(c) a cornerstone investment agreement dated October 22, 2021 entered into among the Company, UBS Securities Hong Kong Limited, CLSA Capital Markets Limited, CLSA Limited and GF Fund Management Co., Ltd. (广发基金管理有限公司), pursuant to which GF Fund Management Co., Ltd. (广发基金管理有限公司) agreed to subscribe for H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$10 million;

(d) a cornerstone investment agreement dated October 22, 2021 entered into among the Company, UBS Securities Hong Kong Limited, CLSA Capital Markets Limited, UBS AG Hong Kong Branch and IvyRock Asset Management (HK) Limited, pursuant to which IvyRock Asset Management (HK) Limited agreed to subscribe for H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$7 million;

(e) a cornerstone investment agreement dated October 22, 2021 entered into among the Company, UBS Securities Hong Kong Limited, CLSA Capital Markets Limited, UBS AG Hong Kong Branch and LAKE BLEU PRIME HEALTHCARE MASTER FUND LIMITED, pursuant to which LAKE BLEU PRIME HEALTHCARE MASTER FUND LIMITED agreed to subscribe for H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$5 million;

(f) a cornerstone investment agreement dated October 22, 2021 entered into among the Company, UBS Securities Hong Kong Limited, CLSA Capital Markets Limited, CLSA Limited, LAV Star Limited and LAV Star Opportunities Limited, pursuant to which LAV Star Limited and LAV Star Opportunities Limited agreed to subscribe for H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$10 million;

(g) a cornerstone investment agreement dated October 22, 2021 entered into among the Company, UBS Securities Hong Kong Limited, CLSA Capital Markets Limited, UBS AG Hong Kong Branch and LMR MASTER FUND LIMITED, pursuant to which LMR MASTER FUND LIMITED agreed to subscribe for H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$7.5 million;

(h) a cornerstone investment agreement dated October 22, 2021 entered into among the Company, UBS Securities Hong Kong Limited, CLSA Capital Markets Limited, CLSA Limited, OrbiMed Genesis Master Fund, L.P. and OrbiMed New Horizons Master Fund, L.P., pursuant to which OrbiMed Genesis Master Fund, L.P. and OrbiMed New Horizons Master Fund, L.P. agreed to subscribe for H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$5 million; and

(i) a cornerstone investment agreement dated October 22, 2021 entered into among the Company, UBS Securities Hong Kong Limited, CLSA Capital Markets Limited, UBS AG Hong Kong Branch and WT ASSET MANAGEMENT LIMITED, pursuant to which WT ASSET MANAGEMENT LIMITED agreed to subscribe for H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$10 million.

2. Our Intellectual Property Rights

(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

	Trademarks	Category	Owner	Place of Registration	Registration No.	Registration date	Expiry Date
1.	Airdoc	1	Our Company	PRC	33120463	2019.10.14	2029.10.13
		2	Our Company	PRC	33118787	2019.06.28	2029.06.27
		3	Our Company	PRC	33120856	2019.06.28	2029.06.27
		4	Our Company	PRC	33120859	2019.06.28	2029.06.27
		5	Our Company	PRC	33119389	2019.07.21	2029.07.20
		6	Our Company	PRC	33121261	2019.09.28	2029.09.27
		7	Our Company	PRC	33120496	2020.01.14	2030.01.13
		8	Our Company	PRC	33120500	2019.06.28	2029.06.27
		9	Our Company	PRC	19283067	2018.06.21	2028.06.20
		10	Our Company	PRC	22400419	2018.02.07	2028.02.06
		11	Our Company	PRC	33121673	2019.11.28	2029.11.27
		13	Our Company	PRC	33121687	2019.06.28	2029.06.27
		14	Our Company	PRC	33119435	2019.06.28	2029.06.27
		15	Our Company	PRC	33118451	2019.06.28	2029.06.27
		16	Our Company	PRC	33116575	2019.06.28	2029.06.27
		17	Our Company	PRC	33117587	2019.09.28	2029.09.27
		18	Our Company	PRC	33116582	2020.02.21	2030.02.20
		19	Our Company	PRC	33119456	2019.09.07	2029.09.06
		20	Our Company	PRC	33121719	2019.06.28	2029.06.27
		21	Our Company	PRC	33121724	2019.06.28	2029.06.27

Trademarks	Category	Owner	Place of Registration	Registration No.	Registration date	Expiry Date
	22	Our Company	PRC	33117610	2019.06.28	2029.06.27
	23	Our Company	PRC	33118486	2019.06.28	2029.06.27
	24	Our Company	PRC	33116972	2019.06.28	2029.06.27
	25	Our Company	PRC	33120871	2019.06.28	2029.06.27
	26	Our Company	PRC	33116911	2019.06.28	2029.06.27
	27	Our Company	PRC	33121765	2019.06.28	2029.06.27
	28	Our Company	PRC	33117186	2019.10.14	2029.10.13
	29	Our Company	PRC	33121776	2019.06.28	2029.06.27
	30	Our Company	PRC	33119833	2019.06.28	2029.06.27
	31	Our Company	PRC	33118918	2019.06.28	2029.06.27
	32	Our Company	PRC	33118524	2019.06.28	2029.06.27
	33	Our Company	PRC	33121792	2019.06.28	2029.06.27
	34	Our Company	PRC	33116591	2019.06.28	2029.06.27
	35	Our Company	PRC	19283275	2017.04.21	2027.04.20
	37	Our Company	PRC	33121800	2019.06.28	2029.06.27
	38	Our Company	PRC	33117665	2019.09.28	2029.09.27
	39	Our Company	PRC	33120620	2019.09.28	2029.09.27
	40	Our Company	PRC	33118545	2020.02.14	2030.02.13
	41	Our Company	PRC	33116607	2019.09.28	2029.09.27
	42	Our Company	PRC	19283186	2017.04.21	2027.04.20
	43	Our Company	PRC	33120927	2019.09.28	2029.09.27
	44	Our Company	PRC	19283245	2017.04.21	2027.04.20
	45	Our Company	PRC	33120630	2019.06.28	2029.06.27
	10	Our Company	U.S.	5705742	2019.03.26	2027.07.06

	Trademarks	Category	Owner	Place of Registration	Registration No.	Registration date	Expiry Date
		10, 42, 44	Our Company	International trademark protected in European, United Kingdom, India, Japan and U.S.	International Registration No. 1368419	2017.07.06	2027.07.06
2.		9	Our Company	PRC	45492946	2020.12.28	2030.12.27
		10	Our Company	PRC	45495876	2020.12.28	2030.12.27
		44	Our Company	PRC	45513423	2020.12.28	2030.12.27
3.	众佑	9	Our Company	PRC	44551763A	2020.11.28	2030.11.27
		42	Our Company	PRC	26481059	2018.09.07	2028.09.06
		44	Our Company	PRC	26485242	2018.09.07	2028.09.06
4.	鷹瞳	1	Our Company	PRC	33117408	2019.06.28	2029.06.27
		2	Our Company	PRC	33120470	2019.06.21	2029.06.20
		3	Our Company	PRC	33120191	2019.07.21	2029.07.20
		4	Our Company	PRC	33121645	2019.06.28	2029.06.27
		5	Our Company	PRC	33118799	2020.03.14	2030.03.13
		6	Our Company	PRC	33117429	2019.09.28	2029.09.27
		7	Our Company	PRC	33120215	2019.06.28	2029.06.27
		8	Our Company	PRC	33119411	2019.06.28	2029.06.27
		9	Our Company	PRC	26504717	2019.07.07	2029.07.06
		10	Our Company	PRC	26495591	2018.09.07	2028.09.06
		11	Our Company	PRC	33120224	2020.07.14	2030.07.13
		12	Our Company	PRC	33121299	2019.06.28	2029.06.27
		13	Our Company	PRC	33116559	2019.06.21	2029.06.20

Trademarks	Category	Owner	Place of Registration	Registration No.	Registration date	Expiry Date
	14	Our Company	PRC	33118449	2019.06.21	2029.06.20
	15	Our Company	PRC	33119440	2019.06.28	2029.06.27
	16	Our Company	PRC	33116940	2019.06.28	2029.06.27
	17	Our Company	PRC	33119781	2019.06.28	2029.06.27
	18	Our Company	PRC	33119784	2019.06.28	2029.06.27
	19	Our Company	PRC	33121715	2019.06.28	2029.06.27
	20	Our Company	PRC	33119792	2020.07.14	2030.07.13
	21	Our Company	PRC	33117607	2020.07.14	2030.07.13
	22	Our Company	PRC	33118484	2019.06.21	2029.06.20
	23	Our Company	PRC	33119476	2019.06.28	2029.06.27
	24	Our Company	PRC	33119480	2019.06.28	2029.06.27
	25	Our Company	PRC	33116909	2019.06.28	2029.06.27
	26	Our Company	PRC	33117626	2019.06.21	2029.06.20
	27	Our Company	PRC	33118899	2019.06.28	2029.06.27
	28	Our Company	PRC	33118507	2019.06.28	2029.06.27
	29	Our Company	PRC	33117193	2019.06.28	2029.06.27
	30	Our Company	PRC	33120895	2019.09.28	2029.09.27
	31	Our Company	PRC	33118919	2019.06.28	2029.06.27
	32	Our Company	PRC	33117652	2019.09.28	2029.09.27
	32	Our Company	PRC	37636381	2020.08.28	2030.08.27
	33	Our Company	PRC	33121793	2019.06.28	2029.06.27
	34	Our Company	PRC	33121796	2019.06.28	2029.06.27
	35	Our Company	PRC	26488370	2018.09.07	2028.09.06
	36	Our Company	PRC	26499248	2018.09.07	2028.09.06
	37	Our Company	PRC	33119853	2019.06.28	2029.06.27

	Trademarks	Category	Owner	Place of Registration	Registration No.	Registration date	Expiry Date
		38	Our Company	PRC	33117666	2019.06.28	2029.06.27
		39	Our Company	PRC	33120621	2019.06.28	2029.06.27
		40	Our Company	PRC	33117227	2019.06.28	2029.06.27
		41	Our Company	PRC	33118946	2019.06.21	2029.06.20
		42	Our Company	PRC	26490081	2018.09.07	2028.09.06
		43	Our Company	PRC	33118948	2019.06.28	2029.06.27
		44	Our Company	PRC	26503516	2018.09.07	2028.09.06
		45	Our Company	PRC	33119869	2019.06.28	2029.06.27
5.	鹰瞳沐	35	Our Company	PRC	40937369	2020.04.21	2030.04.20
6.	慧心瞳	9	Our Company	PRC	42417828	2020.08.28	2030.08.27
		10	Our Company	PRC	42397468	2020.08.28	2030.08.27
		44	Our Company	PRC	42417869	2020.08.28	2030.08.27
7.	眼知健	9	Our Company	PRC	42593495	2020.08.28	2030.08.27
		10	Our Company	PRC	42606606	2020.08.28	2030.08.27
		44	Our Company	PRC	42622652	2020.08.28	2030.08.27

As of the Latest Practicable Date, we had applied for the registration of the following trademark which we consider to be or may be material to our business:

No.	Trademark	Category	Place of Application	Application Number	Applicant	Application Date
1.	众佑	10	PRC	44537335	Our Company	2030.04.20

(b) Patents

As of the Latest Practicable Date, we owned the following registered patents which we consider to be or may be material to our business:

No.	Patent	Type	Place of Registration	Patent Number	Owner	Expiration Date
1.	Compensation Data missing compensation method and device method and device for date missing (一種數據缺失的補償方法和裝置)	Invention	PRC	ZL201610957922.0	Our Company	2036.10.26
2.	Medical image display parameter determination method and device (一種醫療影像顯示參數確定方法及裝置)	Invention	PRC	ZL201611035325.9	Our Company	2036.11.17
3.	Image detection and processing method and device and terminal (圖像檢測、處理方法、裝置及終端)	Invention	PRC	ZL201810173382.6	Our Company	2038.03.01
4.	Fundus image detection method, device and system based on machine learning Method, device and system for detecting fundus image based on machine learning (基於機器學習的眼底圖像檢測方法、裝置及系統)	Invention	PRC	ZL201810387484.8	Airdoc Shanghai	2038.04.25
5.	Fundus image detection method, device and system based on machine learning eye fundus image detection method and device based on machine learning as well as system (基於機器學習的眼底圖像檢測方法、裝置及系統)	Invention	PRC	ZL201810387302.7	Airdoc Shanghai	2038.04.25
6.	Glaucoma image recognition method and device and screening system glaucoma image recognition method, glaucoma image recognition equipment and screening system (青光眼圖像識別方法、設備和篩查系統)	Invention	PRC	ZL201811557812.0	Airdoc Shanghai	2038.12.18
7.	Eye photographing device (眼部拍照設備)	Utility model	PRC	ZL201920377642.1	Airdoc Shanghai	2029.03.21
8.	Desktop fundus camera (台式眼底相機)	Appearance design	PRC	ZL202030526667.1	Airdoc Shanghai	2030.09.07

No.	Patent	Type	Place of Registration	Patent Number	Owner	Expiration Date
9.	Fixation device of fundus camera and fundus camera (一種眼底相機的固視裝置及眼底相機)	Utility model	PRC	ZL201922435386.X	Airdoc Shanghai	2029.12.29
10.	Portable fundus camera (便攜式眼底相機)	Appearance design	PRC	ZL202030526666.7	Airdoc Shanghai	2030.09.07
11.	Fully-automatic portable self-shooting type selfie fundus camera (全自動便攜自拍眼底相機)	Utility model	PRC	ZL202022280257.0	Airdoc Shanghai	2030.10.13
12.	Small fundus camera (一種小型眼底相機)	Utility model	PRC	ZL202022280260.2	Airdoc Shanghai	2030.10.13
13.	Fundus image recognition model training method, fundus image recognition method and equipment (眼底圖像識別模型訓練方法、眼底圖像識別方法和設備)	Invention	PRC	ZL201910578335.4	Airdoc Shanghai	2039.06.27
14.	Fundus camera and fully automatic shooting method of fundus images (眼底相機及眼底圖像全自動拍攝方法)	Invention	PRC	2020110951333	Airdoc Shanghai	2040.10.13
15.	Glaucoma image recognition method, equipment and screening system (青光眼圖像識別方法、設備和篩查系統)	Invention	PRC	ZL201811557812.0	Airdoc Shanghai	2038.12.18

As of the Latest Practicable Date, we had applied for the registration of the following patents which we consider to be or may be material to our business:

No.	Patent Name	Application Number	Type	Applicant	Application Date
1.	Blood vessel wall reflection state of fundus image marking method and equipment (眼底圖像血管壁反光狀態標記方法及設備)	2019103052551	Invention	Airdoc Shanghai	2019.04.16
2.	Eye fundus identity recognition model training method, eye fundus identity recognition method and device (眼底身份識別模型訓練方法、眼底身份識別方法和設備)	2019105783212	Invention	Airdoc Shanghai	2019.06.28
3.	Macular image region segmentation method and equipment (黃斑圖像區域分割方法和設備)	2019102632634	Invention	Our Company, Airdoc Shanghai	2019.04.02

No.	Patent Name	Application Number	Type	Applicant	Application Date
4.	Multi-task fundus image classification method and equipment (多任務的眼底圖像分類方法和設備)	2019108800493	Invention	Our Company, Airdoc Shanghai	2019.09.18
5.	Eye fundus image-based diabetes and related disease classification method and equipment (基於眼底圖像的糖尿病及相關疾病的分類方法及設備)	2019114211918	Invention	Airdoc Shanghai	2019.12.31
6.	Fundus camera and fundus image shooting method (眼底相機及眼底圖像拍攝方法)	2020110951511	Invention	Airdoc Shanghai	2020.10.14
7.	Eye ground disk rim width determination method, glaucoma disease diagnosis device and system (眼底盤沿寬度確定方法、青光眼疾病診斷裝置和系統)	2018114662231	Invention	Airdoc Shanghai	2018.12.03
8.	Blood vessel image of fundus image segmentation method and equipment (眼底圖像血管影像分割方法及設備)	2019103052886	Invention	Airdoc Shanghai	2019.04.16
9.	Fundus oculi examination system (眼底檢查系統)	202010921267X	Invention	Airdoc Shanghai	2020.09.04
10.	Macular image detection method and equipment (黃斑影像檢測方法和設備)	2018104700152	Invention	Airdoc Shanghai	2018.05.16
11.	An eye fundus image normalization method and device (眼底圖像規範化方法及設備)	2018112661408	Invention	Airdoc Shanghai	2018.10.29
12.	Method and equipment for segmentation of abnormal regions in medical images (醫療圖像異常區域分割方法及設備)	2018116390087	Invention	Airdoc Shanghai	2018.12.29
13.	Multi-source input fundus image classification method and device (多源輸入的眼底圖像分類方法和設備)	2019108800436	Invention	Airdoc Shanghai	2019.09.18
14.	Method and equipment for classification of hypertension based on fundus images (基於眼底圖像的高血壓分類方法及設備)	2019114135670	Invention	Our Company, Airdoc Shanghai	2019.12.31
15.	Fully- automatic portable self-shooting type selfie fundus camera (全自動便攜自拍眼底相機)	2020110955796	Invention	Airdoc Shanghai	2020.10.14
16.	Small fundus camera (一種小型眼底相機)	2020110955921	Invention	Airdoc Shanghai	2020.10.14
17.	Fundus camera and focal length adjustment method thereof (眼底相機及其焦距調整方法)	2020110951916	Invention	Airdoc Shanghai	2020.10.14

No.	Patent Name	Application Number	Type	Applicant	Application Date
18.	Image recognition method and equipment (圖像識別方法及設備)	201811426782X	Invention	Airdoc Shanghai	2018.11.27
19.	Macular image classification method and equipment (黃斑圖像分類方法和設備)	2019102626262	Invention	Our Company, Airdoc Shanghai	2019.04.02
20.	Leopard-shaped fundus image recognition method, model training method and equipment (豹紋狀眼底圖像識別方法、模型訓練方法及設備)	2019102632598	Invention	Airdoc Shanghai	2019.04.02
21.	Diabetes classification method and equipment based on fundus images (基於眼底圖像的糖尿病分類方法及設備)	2019114136141	Invention	Our Company, Airdoc Shanghai	2019.12.31
22.	Method and equipment for determining the degree of smoking based on fundus images (基於眼底影像確定吸煙程度的方法及設備)	2020105542473	Invention	Airdoc Shanghai	2020.06.17
23.	Model training method, medical image processing method and electronic equipment (模型訓練方法、醫療圖像處理方法及電子設備)	2020106487204	Invention	Our Company, Airdoc Shanghai	2020.07.07
24.	Fundus camera and working distance adjustment method thereof (眼底相機及其工作距離調整方法)	2020110951808	Invention	Airdoc Shanghai	2020.10.14
25.	Fundus camera and use state detection method thereof (眼底相機及其使用狀態檢測方法)	2020110951738	Invention	Airdoc Shanghai	2020.10.14
26.	Method and equipment for evaluating disease risk based on fundus images (基於眼底圖像評估疾病風險的方法及設備)	2019114212003	Invention	Airdoc Shanghai	2019.12.31
27.	Fundus camera and its detection method (眼底相機及其檢測方法)	2020110951780	Invention	Airdoc Shanghai	2020.10.14
28.	Fundus camera and fundus image synthesis method (眼底相機及眼底圖像合成方法)	2020110955940	Invention	Airdoc Shanghai	2020.10.14
29.	A method and equipment for training multi disease referral model (一種訓練多疾病轉診模型的方法及設備)	2021108003154	Invention	Our Company, Airdoc Shanghai	2021.07.15

(c) Software copyright

As of the Latest Practicable Date, we owned the following software copyrights which we consider to be or may be material to our business:

No.	Subject	Owner	Certification Number	First Published Date	Certification Date
1.	Airdoc AI Basal Cell Tumor Pathology Image Automatic Recognition Platform V2.3 (Airdoc人工智能基底細胞瘤病理圖像自動識別平台V2.3)	Our Company	2017SR101050	2015.11.07	2017.04.01
2.	Airdoc AI Dermatology Image Automatic Recognition Platform V2.2 (Airdoc人工智能皮膚病圖像自動識別平台V2.2)	Our Company	2017SR100820	2015.11.14	2017.04.01
3.	Airdoc AI Glaucoma Image Automatic Recognition Platform V2.4 (Airdoc人工智能青光眼圖像自動識別平台V2.4)	Our Company	2017SR101048	2015.10.22	2017.04.01
4.	Airdoc AI Diabetic Retinopathy Image Automatic Recognition Platform V2.1 (Airdoc人工智能糖尿病視網膜病變圖像自動識別平台V2.1)	Our Company	2017SR049951	2015.10.24	2017.02.21
5.	Lung CT Image Intelligent Analysis System V1.0 (肺部CT影像智能分析系統V1.0)	Our Company	2017SR541082	2017.06.06	2017.09.25
6.	Airdoc Intelligent Clinical Image System V1.4.0 (Airdoc智能醫學影像系統V1.4.0)	Airdoc Shanghai	2017SR644599	2017.11.13	2017.11.23
7.	Airdoc Clinical Image and Data Transmission Processing Software V1.0.0 (Airdoc醫學影像、數據傳輸處理軟件V1.0.0)	Airdoc Shanghai	2017SR644594	2017.11.11	2017.11.23
8.	Airdoc Intelligent Doctor Software V1.0 (鷹瞳智能醫生軟件V1.0)	Airdoc Shanghai	2017SR644587	2017.11.15	2017.11.23
9.	Huantong Intelligent Refractive Self-Measurement System V1.0 (歡瞳智能屈光自測系統V1.0)	Airdoc Shanghai	2017SR658425	2017.11.08	2017.11.30
10.	Huantong Adolescent Myopia Prediction System V1.0 (歡瞳青少年近視預測系統V1.0)	Airdoc Shanghai	2017SR656529	2017.11.10	2017.11.30
11.	Huantong Adolescent Vision Management App Software V1.0 (歡瞳青少年視力管理App軟件V1.0)	Airdoc Shanghai	2017SR659159	2017.11.15	2017.11.30
12.	Airdoc Cataract Anterior Segment Image Intelligent Recognition System V1.0 (Airdoc白內障眼前節圖像智能識別系統V1.0)	Airdoc Shanghai	2017SR658687	2017.08.10	2017.11.30

No.	Subject	Owner	Certification Number	First Published Date	Certification Date
13.	Airdoc Chronic Disease Intelligent Monitoring System V1.0 (Airdoc慢病智能監測系統V1.0)	Airdoc Shanghai	2017SR659183	2017.08.19	2017.11.30
14.	Airdoc AI Glaucoma image recognition Platform V3.0 (Airdoc人工智能青光眼圖像識別平台V3.0)	Airdoc Shanghai	2017SR656536	2017.08.30	2017.11.30
15.	Airdoc Age-Related Macular Degeneration Image Intelligent Recognition System V1.0 (Airdoc老年黃斑病變圖像智能識別系統V1.0)	Airdoc Shanghai	2017SR659130	2017.09.01	2017.11.30
16.	Airdoc Anterior Segment Image Intelligent Recognition System V1.0 (Airdoc眼前節圖像智能識別系統V1.0)	Airdoc Shanghai	2017SR659167	2017.09.18	2017.11.30
17.	Airdoc Anterior Segment Mobile Image Intelligent Recognition System V1.0 (Airdoc眼前節手機圖像智能識別系統V1.0)	Airdoc Shanghai	2017SR659163	2017.09.23	2017.11.30
18.	Airdoc Keratoconus Image Intelligent Recognition System V1.0 (Airdoc圓錐角膜圖像智能識別系統V1.0)	Airdoc Shanghai	2017SR657891	2017.10.04	2017.11.30
19.	Airdoc orthokeratology lens intelligent fitting system V1.0 (Airdoc角膜塑形鏡智能配適系統V1.0)	Airdoc Shanghai	2017SR658429	2017.10.22	2017.11.30
20.	Airdoc new vessel OCT intelligent recognition system V1.0 (Airdoc新生血管OCT智能識別系統V1.0)	Airdoc Shanghai	2017SR658552	2017.10.31	2017.11.30
21.	Airdoc Parkinson's risk intelligence assessment system V1.0 (Airdoc帕金森風險智能評估系統V1.0)	Airdoc Shanghai	2017SR657894	2017.11.11	2017.11.30
22.	Airdoc myocardial infarction injury risk intelligent assessment system V1.0 (Airdoc心梗風險智能評估系統V1.0)	Airdoc Shanghai	2017SR658407	2017.11.15	2017.11.30
23.	Airdoc artificial intelligence diabetic retinopathy image automatic recognition platform V3.0 (Airdoc人工智能糖尿病視網膜病變圖像自動識別平台V3.0)	Airdoc Shanghai	2017SR659172	2017.11.01	2017.11.30
24.	Airdoc eye health patient service platform V1.0 (鷹瞳眼健康患者服務平台V1.0)	Airdoc Shanghai	2017SR656835	2017.10.13	2017.11.30
25.	Airdoc dry eye evaluation system (鷹瞳幹眼測評系統V1.0)	Airdoc Shanghai	2017SR659145	2017.08.04	2017.11.30
26.	Huantong vision combat power evaluation system V1.0 (歡瞳視覺即戰力測評系統V1.0)	Airdoc Shanghai	2017SR659113	2017.07.31	2017.11.30

No.	Subject	Owner	Certification Number	First Published Date	Certification Date
27.	Artificial intelligence cataract analysis software (人工智能白內障分析軟件)	Our Company, Zhongshan Ophthalmic Center, Sun Yat-sen University, Haotian Lin, Xiaohang Wu and Yuzhong Chen	2019SR0921370	2019.07.18	2019.09.04
28.	Artificial intelligence eye disease community screening service software V1.0 (人工智能眼病社區篩查服務軟件V1.0)	Our Company, Zhongshan Ophthalmic Center, Sun Yat-sen University, Haotian Lin, Xiaohang Wu and Yuzhong Chen	2019SR0920815	2019.07.20	2019.09.04
29.	Airdoc scanning intelligent recognition system 1.0 (鷹瞳掃描智能識別系統1.0)	Our Company	2020SR0127532	2016.11.07	2020.02.11
30.	EyeInspect intelligent recognition system 1.0 (EyeInspect智能識別系統1.0)	Our Company	2020SR0127536	2019.05.01	2020.02.11
31.	Eye health Airdoc 7-in-1 examination software 1.0 (眼知健Airdoc七合一檢查軟件1.0)	Our Company	2020SR0127939	2019.10.11	2020.02.11
32.	Airdoc scanning salesman system 1.0 (鷹瞳掃描業務員系統1.0)	Our Company	2020SR0127943	2016.11.07	2020.02.11
33.	EyeInspect intelligent recognition system 2.0 (EyeInspect智能識別系統2.0)	Our Company	2020SR0127955	2019.05.01	2020.02.11
34.	Airdoc readily kit software 1.0 (Airdoc隨手工具包軟件1.0)	Our Company	2020SR0128221	2019.05.01	2020.02.11
35.	Eye health Airdoc retina detection software 1.0 (眼知健Airdoc視網膜檢測軟件1.0)	Our Company	2020SR0128279	2019.09.01	2020.02.11
36.	Huixintong intelligent smart image recognition system 1.0 (慧心瞳智能影像識別系統1.0)	Our Company	2020SR0128283	2019.05.01	2020.02.11

(d) Domain Names

As of the Latest Practicable Date, we owned the following domain name which we consider to be or may be material to our business:

No.	Domain names	Registered owner	Expiry date
1	airdoc.com	Our Company	2024.10.26

Save as aforesaid, as of the Latest Practicable Date, there were no other intellectual property rights which the Company considers to be or may be material to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors and Supervisors

(i) Disclosure of Interests — Interests and short positions of the Directors and the chief executive in the Shares, underlying Shares or debentures of our Company and our associated corporations

Immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised), the interests or short positions of our Directors and chief executives in the Shares, underlying Shares and debentures of our Company and its associated corporations, within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

Name	Position	Nature of interest	Number and class of Shares	Approximate percentage of shareholding in the relevant class of Shares upon Listing	Approximate percentage of in our total share capital upon Listing
Mr. Zhang . . .	Executive Director and chief executive officer	Beneficial owner	17,248,854 Domestic Shares	22.22%	16.65%
		Interest in a controlled corporation[(1)]	5,331,308 Domestic Shares	6.87%	5.15%

Name	Position	Nature of interest	Number and class of Shares	Approximate percentage of shareholding in the relevant class of Shares upon Listing	Approximate percentage of in our total share capital upon Listing
		Interest of a party to an agreement(2)	2,796,117 Domestic Shares	3.60%	2.70%
Mr. Gao	Executive Director	Beneficial owner	883,357 Domestic Shares	1.14%	0.85%
		Interest of a party to an agreement(2)	24,492,922 Domestic Shares	31.55%	23.65%

Notes:

1. As of the Latest Practicable Date, Mr. Zhang was the general partner of Airdoc Universe. Therefore, Mr. Zhang was deemed to be interested in the Shares held by Airdoc Universe under the SFO.

2. As of the Latest Practicable Date, pursuant to the Concert Party Agreement, Mr. Zhang, Mr Chen and Mr. Gao agreed to act in concert by aligning their votes at Shareholders' meetings of the Company. Therefore, they are deemed to be jointly interested in the aggregate number of Shares held by each other and their respective associates under the SFO.

(ii) Particulars of service agreements

Pursuant to Rules 19A.54 and 19A.55 of the Listing Rules, our Company has entered into a service agreement with each of the Directors and Supervisors which contains provisions in relation to, among other things, compliance of relevant laws and regulations, observation of the Articles of Association and provisions on arbitration.

The principal particulars of these service agreements are: (a) each of the agreements is for a term of three years following his/her respective appointment date; and (b) each of the agreements is subject to termination in accordance with their respective terms. The service agreements may be renewed in accordance with our Articles of Association and the applicable rules.

Save as disclosed above, our Company has not entered, and does not propose to enter, into any service contracts with any of the Directors or Supervisors in their respective capacities as Directors/Supervisors (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

(iii) Directors' and Supervisors' remuneration

For details of the Directors' and Supervisors' remuneration, see "Directors, Supervisors and Senior Management — Remuneration of Directors, Supervisors and Five Highest Paid Individuals" of this prospectus and Note 8 to the Accountants' Report as set out in Appendix I to this prospectus.

2. Substantial Shareholders

For information on the persons who will, immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), having or be deemed or taken to have beneficial interests or short position in our Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the issued voting shares of any other member of our Company, see "Substantial Shareholders" of this prospectus.

Save as disclosed in the section headed "Substantial Shareholders" in this prospectus, as of the Latest Practicable Date, our Directors were not aware of any persons who would, immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), having or be deemed or taken to the beneficial interests or short position in our Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the issued voting shares of any member of our Group or had option in respect of such capital.

3. Disclaimers

Save as disclosed in this prospectus:

(i) none of our Directors, Supervisors or any of the parties listed in "— D. Other Information — 7. Qualification of Experts" is:

(a) interested in our promotion, or in any assets which, within the two years immediately preceding the date of this prospectus, have been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company; or

(b) materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business;

(ii) save in connection with the Hong Kong Underwriting Agreement and the International Underwriting Agreement, none of the parties listed in "— D. Other Information — 7. Qualification of Experts" of this Appendix:

(a) is interested legally or beneficially in any shares in any member of our Group; or

(b) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;

(iii) none of our Directors or Supervisors or their close associates or any shareholders of our Company who to the knowledge of our Directors owns more than 5% of our issued share capital has any interest in our top five customers or suppliers; and

(iv) none of our Directors or Supervisors is a director or employee of a company that has an interest in the share capital of our Company which, once the H Shares are listed on the Stock Exchange, would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO.

D. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

During the Track Record Period and 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 was known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our results of operations or financial conditions.

3. Joint Sponsors

The Joint Sponsors have made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the H Shares to be converted from Unlisted Foreign Shares and the H Shares to be issued pursuant to the Global Offering (including the additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option). All necessary arrangements have been made to enable our H Shares to be admitted into CCASS. Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

Each of the Joint Sponsors will be paid by our Company a fee of US$500,000 to act as a sponsor to our Company in connection with the Listing.

4. Compliance Adviser

Our Company has appointed Somerley Capital Limited as our compliance adviser in compliance with Rule 3A.19 of the Listing Rules.

5. Preliminary Expenses

We have not incurred any material preliminary expenses in relation to the incorporation of our Company.

6. Taxation of holder of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are effected on the H Share register of members of our Company, including in circumstances where such transaction is effected on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer is a total of HK$2.60 for every HK$1,000 (or part thereof) of the consideration or, if higher, the fair value of the H Shares being sold or transferred. For further information in relation to taxation, see "Appendix III — Taxation and Foreign Exchange."

7. Qualification of Experts

The following are the qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions or advice which are contained in this prospectus:

Name	Qualification
UBS Securities Hong Kong Limited	A licensed corporation under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) of the regulated activities as defined under the SFO
CLSA Capital Markets Limited	Licensed to conduct type 4 (advising on securities) and type 6 (advising on corporate finance) of regulated activities under the SFO
Zhong Lun Law Firm	Legal advisors as to PRC law
Frost & Sullivan	Independent industry consultant
KPMG	Certified public accountants and Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance

8. Consent of Experts

Each of the experts whose names are set out in paragraph 7 above has given and has not withdrawn its consent to the issue of this prospectus with the inclusion of its report and/or letter and/or legal opinion (as the case may be) and references to its name included herein in the form and context in which it respectively appears.

9. Promoters

The promoters of our Company are all of the 26 then Shareholders of our Company as of December 3, 2020.

No.	Name
1.	Mr. Zhang
2.	Yadong Beichen
3.	Ping An Healthtech
4.	Shiji Sisu
5.	Airdoc Universe
6.	Suqian Airdoc
7.	Suzhou Zhilang Guangcheng Venture Center (Limited Partnership)* (蘇州智朗廣成創業投資中心(有限合夥))
8.	Beijing Jiuhe Yunteng Investment Center (Limited Partnership)* (北京九合雲騰投資中心(有限合夥))
9.	Jinan Chanyan Zhongxiang Equity Investment Management Center (Limited Partnership)* (濟南產研中翔股權投資管理中心(有限合夥))
10.	Shenzhen Kaiyan Mingzhi Investment Fund (Limited Partnership)* (深圳開研明致投資有限合夥企業(有限合夥))
11.	Mr. Chen
12.	CITIC Securities Investment Co., Ltd.* (中信証券投資有限公司)
13.	Ruizhixin (Shenzhen) Technology Industry Development Co., Ltd.* (睿智信(深圳)科技產業發展有限公司)
14.	Venture Capital Equity Investment Fund Partnership, L.P.* (中信(深圳)創業投資股權投資基金合夥企業(有限合夥))
15.	Xinyu Hangneng Asset Management Partnership (Limited Partnership)* (新餘航能資產管理合夥企業(有限合夥))
16.	Mr. Gao
17.	Guoke Kaiyan I (Shenzhen) Intelligent Medical Investment Fund (Limited Partnership)* (國科開研一期(深圳)智能醫療投資合夥企業(有限合夥))
18.	Shanghai Morong Investment Center (Limited Partnership)* (上海摩融投資中心(有限合夥))
19.	Suzhou Zhilang Fengcheng Venture Investment Center (Limited Partnership)* (蘇州智朗豐成創業投資中心(有限合夥))
20.	Tianjin Xishan Partner Technology Partnership (Limited Partnership)* (天津溪山夥伴科技合夥企業(有限合夥))
21.	Shanghai Nengjun Chuangye Venture Investment Center (Limited Partnership)* (上海能駿創業投資中心(有限合夥))
22.	China Everbright Healthcare Co., Ltd. (中國光大醫療健康產業有限公司)

No.	Name
23.	Beijing Fuhoinnovation Venture Investment Management Center (Limited Partnership)* (北京富匯創世創業投資管理中心(有限合夥))
24.	Sansheng Guojian Pharmaceutical (Shanghai) Co., Ltd.* (三生國健藥業(上海)股份有限公司)
25.	Wenzhou Haiyin Qianshao Equity Investment Fund (Limited Partnership)* (溫州海銀前哨股權投資合夥企業(有限合夥))
26.	Ningbo Xingbangyu Business Management Consulting Partnership (Limited Partnership)* (寧波星邦鬱企業管理諮詢合夥企業(有限合夥))

Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to the promoters named above in connection with the Global Offering and the related transactions described in this prospectus.

10. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance on the exemption provided in Section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

11. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance of this prospectus, 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 in so far as applicable.

12. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since June 30, 2021 (being the date to which the latest audited consolidated financial statements of our Group were prepared).

13. Miscellaneous

Save as disclosed in this prospectus:

(a) within the three years immediately preceding the date of this prospectus:

(i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;

(ii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and

(iii) no commission has been paid or payable (except commission to sub-underwriters) to any persons for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of our Company or any of our subsidiaries;

(b) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(c) no founder, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;

(d) there is no arrangement under which future dividends are waived or agreed to be waived;

(e) there has not been any interruption in the business of our Company which may have or have had a material adverse effect on the financial position of our Company in the 12 months immediately preceding the date of this prospectus;

(f) our Company has no outstanding convertible debt securities or debentures;

(g) our Company currently does not intend to apply for the status of a Sino-foreign investment joint stock limited company and does not expect to be subject to the Sino-Foreign Joint Venture Law of the PRC; and

(h) none of our equity and debt securities is presently listed on any stock exchange or traded on any trading system and no such listing or permission to list is being or is proposed to be sought.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of the **GREEN** Application Form;

(b) the written consents referred to in "Appendix VI — Statutory and General Information — D. Other Information — 8. Consent of Experts"; and

(c) a copy of each of the material contracts referred to in "Appendix VI — Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts."

DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **https://www.airdoc.com** during a period of 14 days from the date of this prospectus:

(a) the Articles of Association;

(b) the Accountants' Report prepared by KPMG, the text of which is set out in Appendix I to this prospectus;

(c) the audited consolidated financial statements of our Group for each of the financial years ended December 31, 2019 and 2020 and the six months ended June 30, 2021;

(d) the report on unaudited pro forma financial information of our Group prepared by KPMG, the text of which is set out in Appendix II to this prospectus;

(e) the legal opinion issued by Zhong Lun Law Firm, our PRC Legal Advisors, in respect of certain aspects of our Company;

(f) the industry report prepared by Frost & Sullivan;

(g) a copy of each of the PRC Company Law, the PRC Securities Law, the Mandatory Provisions and the Special Regulations together with their unofficial English translations;

(h) the material contracts referred to in "Appendix VI — Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts";

(i) the written consents referred to in "Appendix VI — Statutory and General Information — D. Other Information — 8. Consent of Experts"; and

(j) the service contracts or letters of appointment referred to in "Appendix VI — Statutory and General Information — C. Further Information about Our Directors, Supervisors and Substantial Shareholders — 1. Directors and Supervisors — (ii) Particulars of service agreements."

Beijing Airdoc Technology Co., Ltd.
北京鷹瞳科技發展股份有限公司