Bioheart 百心安

上海百心安生物技術股份有限公司

Shanghai Bio-heart Biological Technology Co., Ltd.

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

Stock Code: 2185

GLOBAL OFFERING

Sole Sponsor, Sole Global Coordinator, Sole Bookrunner and Sole Lead Manager

华泰国际 HUATAI INTERNATIONAL

IMPORTANT

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

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GLOBAL OFFERING

Number of Offer Shares under the Global Offering	**:**	**23,937,000 H Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**2,394,000 H Shares (subject to adjustment)**
Number of International Offer Shares	**:**	**21,543,000 H Shares (subject to adjustment and the Over-allotment Option)**
Maximum Offer Price	**:**	**HK$24.79 per H Share, plus brokerage of 1%, SFC transaction levy of 0.0027%, and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB1.00 per H Share**
Stock code	**:**	**2185**

Sole Sponsor, Sole Global Coordinator, Sole Bookrunner and Sole Lead Manager

华泰国际
HUATAI 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 in Hong Kong and Available on Display", has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator, acting in such capacity and as the Underwriter, and our Company on or before Thursday, December 16, 2021 or such later time as may be agreed between the parties, but in any event, no later than Wednesday, December 22, 2021. If, for any reason, the Sole Global Coordinator, acting in such capacity and as the Underwriter, and our Company are unable to reach an agreement on the Offer Price by Wednesday, December 22, 2021, the Global Offering will not become unconditional and will lapse immediately. The Offer Price will be not more than HK$24.79 per Offer Share and is expected to be not less than HK$21.25 per Offer Share although the Sole Global Coordinator, acting in such capacity and as Underwriter, and our Company may agree to a lower price. Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK$24.79 for each Hong Kong Offer Share together with a brokerage fee of 1.0%, a SFC transaction levy of 0.0027% and a Hong Kong Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price as finally determined is less than HK$24.79.

The Sole Global Coordinator, acting in such capacity and as the Underwriter, may, with the consent of our Company, reduce the number of Hong Kong Offer Shares and/or the indicative Offer Price range below that stated in this prospectus (being HK$21.25 per Offer Share to HK$24.79 per Offer Share) at any time on or prior to the morning of the last date for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Hong Kong Offer Shares and/or the indicative Offer Price range will be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.bio-heart.com** as soon as practicable following the decision to make such reduction, but in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. For further information, please refer to the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

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

Pursuant to the termination provisions contained in the Hong Kong Underwriting Agreement in respect of the Hong Kong Offer Shares, the Sole Sponsor and the Sole Global Coordinator, acting in such capacity and as the Hong Kong Underwriter, has the right in certain circumstances, in its absolute discretion, to terminate the obligations of the Hong Kong Underwriter pursuant to the Hong Kong Underwriting Agreement at any time prior to 8:00 a.m. on the Listing Date. Further details of the terms of the termination provisions are set out in the paragraph headed "Underwriting — 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 in the United States, and may not be offered, sold, pledged or transferred within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. The Offer Shares may only be offered and sold (i) in the United States to "Qualified Institutional Buyers" in reliance on Rule 144A or another exemption from the registration requirements of the U.S. Securities Act and (ii) outside the United States in offshore transactions in reliance on Regulation S.

ATTENTION

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

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

December 13, 2021

IMPORTANT NOTICE TO INVESTORS: FULLY ELECTRONIC APPLICATION PROCESS

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

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

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

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

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

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

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

If you have any question about the application for the Hong Kong Offer Shares, you may call the enquiry hotline of our H Share Registrar and **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited, both at +852 2862 8646 on the following dates:

Monday, December 13, 2021 — 9:00 a.m. to 9:00 p.m.
Tuesday, December 14, 2021 — 9:00 a.m. to 9:00 p.m.
Wednesday, December 15, 2021 — 9:00 a.m. to 9:00 p.m.
Thursday, December 16, 2021 — 9:00 a.m. to 12:00 noon

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

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

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

Your application through the **White Form eIPO** service or by giving **electronic application instructions** to HKSCC must be for a minimum of 500 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

Shanghai Bio-heart Biological Technology Co., Ltd. (Stock Code: 2185)
(HK$24.79 per Hong Kong Offer Share)
NUMBER OF HONG KONG OFFER SHARES THAT MAY BE APPLIED FOR AND PAYMENTS

No. of Hong Kong Offer Shares applied for	Amount payable on application HK$	No. of Hong Kong Offer Shares applied for	Amount payable on application HK$	No. of Hong Kong Offer Shares applied for	Amount payable on application HK$	No. of Hong Kong Offer Shares applied for	Amount payable on application HK$
500	12,519.90	8,000	200,318.47	45,000	1,126,791.40	400,000	10,015,923.53
1,000	25,039.81	9,000	225,358.28	50,000	1,251,990.45	450,000	11,267,913.98
1,500	37,559.71	10,000	250,398.09	60,000	1,502,388.53	500,000	12,519,904.42
2,000	50,079.62	12,000	300,477.70	70,000	1,752,786.62	600,000	15,023,885.30
2,500	62,599.52	14,000	350,557.32	80,000	2,003,184.71	700,000	17,527,866.18
3,000	75,119.43	16,000	400,636.94	90,000	2,253,582.80	800,000	20,031,847.06
3,500	87,639.33	18,000	450,716.56	100,000	2,503,980.88	900,000	22,535,827.95
4,000	100,159.24	20,000	500,796.18	150,000	3,755,971.33	1,000,000	25,039,808.83
4,500	112,679.14	25,000	625,995.22	200,000	5,007,961.77	1,197,000(1)	29,972,651.17
5,000	125,199.05	30,000	751,194.27	250,000	6,259,952.21		
6,000	150,238.86	35,000	876,393.31	300,000	7,511,942.65		
7,000	175,278.67	40,000	1,001,592.35	350,000	8,763,933.10		

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

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

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

Hong Kong Public Offering commences . . . . . 9:00 a.m. on Monday, December 13, 2021

Latest time to complete electronic applications under **White Form eIPO** service through the designated website **www.eipo.com.hk**[2] . . . . . 11:30 a.m. on Thursday, December 16, 2021

Application lists of the Hong Kong Public Offering open[3] . . . . . 11:45 a.m. on Thursday, December 16, 2021

Latest time for (a) completing payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s) and (b) giving **electronic application instructions** to HKSCC[4] . . . . . 12:00 noon on Thursday, December 16, 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 of the Hong Kong Public Offering close[3] . . . . . 12:00 noon on Thursday, December 16, 2021

Expected Price Determination Date[5] . . . . . Thursday, December 16, 2021

Announcement of Offer Price, the level of applications in the Hong Kong Public Offering; the indication of level of interest in the International Offering; and the basis of allocation of the Hong Kong Offer Shares to be published on our website at **www.bio-heart.com**[6] and the website of the Stock Exchange at **www.hkexnews.hk** on or before . Wednesday, December 22, 2021

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

- in the announcement to be posted on our website and the website of the Stock Exchange at **www.bio-heart.com** and **www.hkexnews.hk**, respectively . . . . . Wednesday, December 22, 2021

- from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function from . . . . . 8:00 a.m. on Wednesday, December 22, 2021 to 12:00 midnight on Tuesday, December 28, 2021

- from the allocation results telephone enquiry by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. . . . . Wednesday, December 22, 2021 to Tuesday, December 28, 2021 (except Saturday, Sunday and Hong Kong Public Holidays)

H Share certificates in respect of wholly or partially successful applications to be dispatched/collected or deposited into CCASS on or before[7] . . . . . Wednesday, December 22, 2021

White Form e-Refund payment instructions/refund checks in respect of wholly or partially successful applications if the final Offer Price is less than the maximum Offer Price per Offer Share initially paid on application (if applicable) or wholly or partially unsuccessful applications to be dispatched/collected on or before[9] . . Wednesday, December 22, 2021

Dealings in H Shares on the Hong Kong Stock Exchange expected to commence at 9:00 a.m. on . . . . . Thursday, December 23, 2021

Notes:

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

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

(3) If there is/are a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, December 16, 2021, the application lists will not open or close on that day. Please refer to the paragraph headed "How to Apply for Hong Kong Offer Shares — 10. Effect of Bad Weather on the Opening and Closing of the Application Lists" in this prospectus.

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

(5) The Price Determination Date is expected to be on or about Thursday, December 16, 2021, and in any event, not later than Wednesday, December 22, 2021. If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (acting in such capacity and as the Underwriter) and us on or before Wednesday, December 22, 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) The H Share certificates will only become valid certificates of title provided that the Global Offering has become unconditional in all respects and neither of the Hong Kong Underwriting Agreement nor the International Underwriting Agreement is terminated in accordance with its respective terms prior to 8:00 a.m. on the Listing Date. The Listing Date is expected to be on or about Thursday, December 23, 2021. Investors who trade the H Shares on the basis of publicly available allocation details prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid certificates of title do so entirely at their own risk.

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

(9) Applicants who have applied on **White Form eIPO** for 500,000 or more Hong Kong Offer Shares may collect any refund checks (where applicable) and/or H Share certificates in person from our H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, December 22, 2021 or such other date as notified by us as the date of dispatch/collection of H Share certificates/e-refund payment instructions/refund checks. Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. Individuals must produce evidence of identity acceptable to our H Share Registrar at the time of collection.

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

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

H Share certificates and/or refund checks for applicants who have applied for less than 500,000 Hong Kong Offer Shares and any uncollected H Share certificates and/or refund checks will be dispatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

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

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

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

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

You should rely only on the information contained in this prospectus to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not included in this prospectus must not be relied on by you as having been authorized by us, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, the Sole Sponsor, the Underwriter, any of our or their respective directors, officers, employees, partners, agents or representatives, or any other party involved in the Global Offering. Information contained on our website ***www.bio-heart.com*** *does not form part of this prospectus.*

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

OVERVIEW

We are a leading innovative interventional cardiovascular device company in China with a current focus on two therapies: (i) bioresorbable scaffold (BRS) therapy addressing the unmet medical needs of Chinese patients for the treatment of coronary or peripheral artery diseases, and (ii) renal denervation (RDN) therapy addressing the unmet medical needs of patients for the treatment of uncontrolled hypertension and resistant hypertension. BRS therapy is a procedure using polymer-based temporary scaffolds to keep the coronary artery open in a period of time and the scaffolds themselves will gradually degrade in the human body. RDN therapy is a minimally invasive procedure that uses ablation to destroy the nerves in the renal arteries without damaging the arteries. Founded in 2014, we have been dedicated to developing innovative medical devices to address the unmet medical needs of vascular disease and hypertension patients in China. Our mission is turning innovation into quality care. As of the Latest Practicable Date, we had one Core Product and eight other pipeline product candidates in various stages of development. Our Core Product, Bioheart®, is a self-developed BRS system used in PCI procedures for the treatment of coronary artery disease, and is expected to be the world's first second-generation BRS system receiving regulatory approval based on multi-center RCT results, according to Frost & Sullivan.

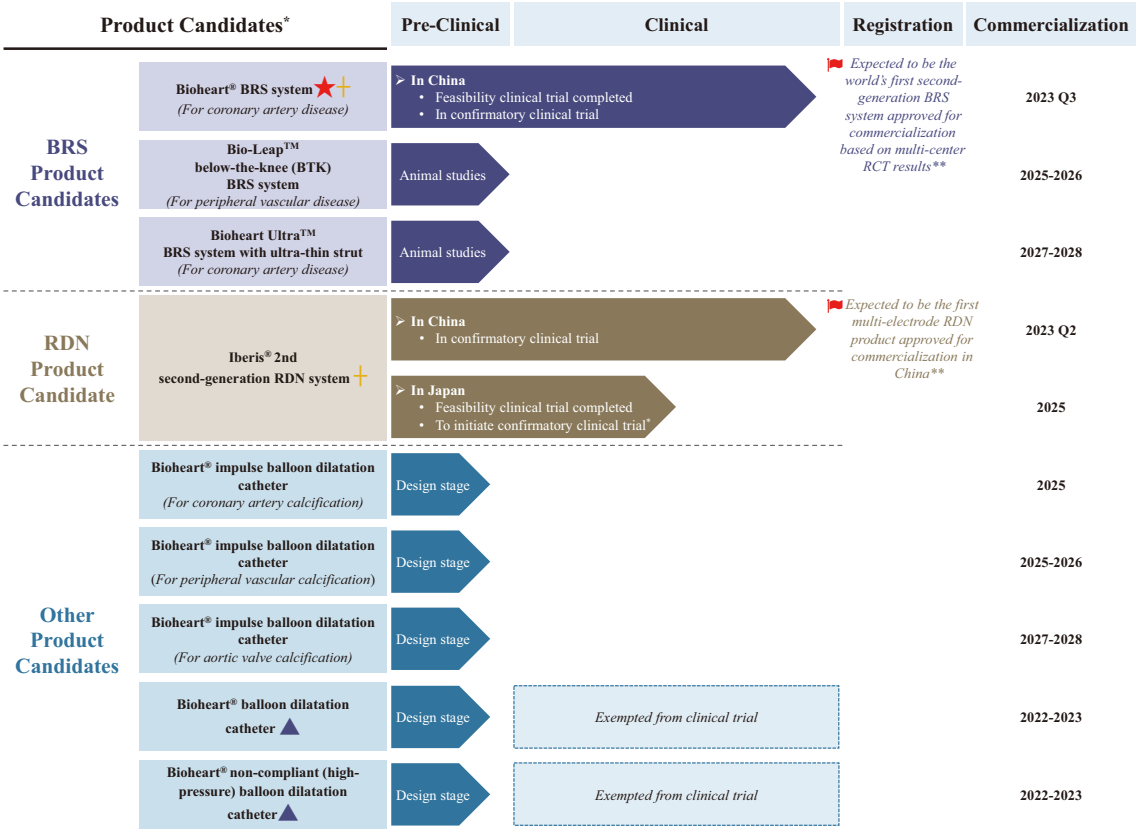
WE MAY NOT BE ABLE TO SUCCESSFULLY DEVELOP AND/OR MARKET OUR CORE PRODUCT, BIOHEART®, OR ANY OTHER PRODUCT CANDIDATES.

OUR PRODUCTS AND PRODUCT CANDIDATES

We adopted a self-development business model, and self-developed the key technologies used in our products and product candidates. For our RDN product candidate, we currently plan to commercialize it in China, Japan, and Europe; for our other product candidates, we currently plan to commercialize them in China. We own all the rights pertaining to all our product candidates, except for certain exceptions as set forth in our strategic alliance agreements with Terumo. For details, please refer to the paragraphs headed "Business — Sales, Distribution and Marketing — Strategic Alliance with Terumo." All of our products and product candidates are class III medical devices under the classification criteria of the NMPA.

Driven by factors including the aging population, people's unhealthy diet and lifestyle, and environmental pollution, chronic diseases are becoming increasingly prevalent in China in recent years. Heart disease and hypertension are among the most prevalent, and deadly, chronic diseases suffered by Chinese patients. According to Frost & Sullivan, the number of coronary artery disease patients in China increased from 22.0 million in 2015 to 24.6 million in 2019 at a CAGR of 2.8%, and is expected to further increase to 28.0 million in 2024 at a CAGR of 2.6% from 2019 to 2024. Similarly, the number of hypertension patients in China increased from 289.9 million in 2015 to 317.4 million in 2019 at a CAGR of 2.3%, and is expected to further increase to 351.4 million in 2024 at a CAGR of 2.1% from 2019 to 2024. In recent years, interventional therapies are developing rapidly for treating these diseases, and are progressively replacing traditional therapies such as invasive surgeries and drugs, because they generally involve shorter procedure time and minimal invasiveness, cause fewer post-procedural complications, enable faster recovery, and relieve the patients from long term use and potential side effects of medications.

The following diagram summarizes the status of our product candidates under development as of the Latest Practicable Date:



★ Core product

\+ NMPA "Innovative Medical Device"

▲ Among our product candidates, these devices are exempted from clinical trial requirements in accordance with the *Catalogue of Medical Devices Exempted from Clinical Trials* (《免於進行臨床試驗醫療器械目錄》) promulgated by the NMPA, as amended.

* The confirmatory clinical trial is also known as pivotal clinical trial in Japan.

** According to Frost & Sullivan.

As a result of a combination of technological innovation, favorable government policies, rising per capita income and healthcare expenditure, as well as the significant advantages of interventional treatment solutions over traditional therapies such as drugs and invasive surgeries, the interventional medical device market in China has experienced rapid growth in recent years, and is expected to maintain its growth momentum in the near future, according to Frost & Sullivan. However, each of the BRS and RDN markets in China is still underpenetrated with significant growth potential. With respect to the BRS market, despite the large and quickly growing coronary artery disease patient pool in China and the benefits of interventional procedures over traditional therapies, the penetration rate of percutaneous coronary intervention (PCI) procedures has been low in China. According to Frost & Sullivan, on average, among every one million of the population, only approximately 729 PCI procedures were conducted in China in 2019, as compared to 2,951, 2,276 and 2,222 procedures for the United States, Japan and Europe, respectively, in the same year. In addition, the therapeutic devices used in PCI operations in China had primarily been earlier generation products such as bare metal stents (BMS) or drug eluting stents (DES), indicating a huge market for more advanced products such as BRS. Similarly, with respect to the RDN market, despite the large and fast growing hypertension patient pool, the limited number of therapies with proven clinical efficacy to treat uncontrolled or resistant hypertension, and the advantages of RDN therapy over traditional therapies, there has been no RDN product commercialized in China as of the Latest Practicable Date.

BIOHEART® — OUR CORE PRODUCT

Our bioresorbable scaffold (BRS) product, Bioheart®, is a self-developed temporary scaffold that will be fully resorbed by the human body over time. It is a BRS system used in PCI procedures for the treatment of coronary artery disease. Bioheart® is a class III medical device under the classification criteria of the NMPA. As of the Latest Practicable Date, we held eleven registered patents (including three invention patents and eight utility model patents) in relation to Bioheart®, of which ten were registered in China and one registered in Europe. For details, please refer to the paragraphs headed "Business — Intellectual Property Rights" in this prospectus.

We started the research and development of Bioheart® in July 2014. Bioheart® was recognized as an "innovative medical device" by the NMPA in February 2017 and is therefore eligible for an expedited approval process. As of the Latest Practicable Date, we had completed a single-center feasibility clinical trial for Bioheart® and are in the process of completing a multi-center confirmatory clinical trial, which consists of a randomized controlled clinical trial (RCT) and a single-arm trial (SAT). We completed the trial subject enrollment for the RCT in August 2019 and initiated the SAT in April 2021. We expect to complete the subject enrollment for the SAT by the end of 2021, and to complete the required follow-ups for the confirmatory clinical trial and submit our confirmatory clinical trial results to the NMPA for its approval by the end of 2022. After the confirmatory clinical trial report is submitted to the NMPA, we expect to receive the NMPA approval within nine months after the submission, considering various factors such as the complexity of the relevant clinical trial data, the statutory maximum turnaround time for the review procedure, and the expedited approval process Bioheart® is eligible for. We currently expect to receive the NMPA approval for Bioheart® in the third quarter of 2023, and plan to launch it shortly after receiving the NMPA approval. According to Frost & Sullivan, as of the Latest Practicable Date, only two BRS products were commercialized in China, each of which was a first-generation BRS

product with a strut thickness of over 150 μm. We are one of only four domestic players in China with second-generation BRS products at clinical trial stage and one of only two domestic players that had initiated a randomized controlled clinical trial (RCT) in China. Since we completed the patient enrollment of the RCT earlier than the other competitor in China and no BRS product candidates in the global market had been reported to initiate an RCT as of the Latest Practicable Date, Bioheart® is expected to be the world's first second-generation BRS system approved for commercialization based on multi-center RCT results, according to Frost & Sullivan. We currently plan to set the retail price of Bioheart®, upon commercialization, within the range of RMB30,000 to RMB40,000 per unit. BRS products were not covered in the medical insurance reimbursement list of China as of the Latest Practicable Date, and are not expected to be covered in the list in the near future, according to Frost & Sullivan.

For details of Bioheart®, please refer to the paragraphs headed "Business — Our Products and Product Candidates — Bioheart® — Our Core Product" in this prospectus.

Market Opportunity and Competition

Bioheart® is indicated for use in PCI procedures for the treatment of coronary artery disease. According to Frost & Sullivan, the number of coronary artery disease patients in China increased from 22.0 million in 2015 to 24.6 million in 2019 at a CAGR of 2.8%, and is expected to further increase to 31.7 million in 2030 at a CAGR of 2.3% from 2019 to 2030. The volume of PCI procedures conducted in China grew rapidly from 0.6 million in 2015 to 1.0 million in 2019 at a CAGR of 15.8%, and is expected to further grow significantly to 1.9 million in 2024 at a CAGR of 12.7% from 2019 to 2024, according to the same source. Among the three types of stents (i.e., BMS, DES and BRS) currently available for use in PCI procedures in China, BMS represents an old generation stent and has been gradually replaced by DES and BRS. DES is currently the prevailing stent used in PCI procedures in China with a penetration rate of approximately 99.2% in 2019. BRS, as a novel therapy, has a much lower penetration rate (approximately 0.8% in 2019) in PCI procedures in China. With the increasing demand for PCI procedures in China, both the volume of DES and the volume of BRS used in PCI procedures are expected to increase. Further, as a result of the benefits of leaving no artificial foreign body in the vessel, the volume of BRS used in PCI procedures is expected to grow at a much higher rate than DES for the next decades, according to Frost & Sullivan. In 2030, the penetration rate of DES and BRS in PCI procedures in China is expected to be 69.0% and 31.0%, respectively, according to the same source.

Impact of the Implementation of Centralized Procurement Policies

In November 2020, the Chinese government implemented a centralized procurement policy over DES products, which resulted in a significant decline in price of DES products (i.e., reducing from approximately RMB13,000 per unit to approximately RMB700 per unit), primarily because the policy allowed the nationwide medical institution alliance to directly purchase from selected manufacturers without the involvement of any distributors. According to Frost & Sullivan, the centralized procurement policy made DES products affordable to a wider population of patients and is expected to drive a significant increase in the volume of DES products used in PCI procedures in China. However, it is expected that the increased volume of DES products used in PCI procedures is insufficient to make up for the negative impact on the market size of DES products brought by the significant decline in price.

Therefore, the market size of DES in China is expected to drop by 73.0% from 2020 to 2021 and is not expected to see any material growth for the next decade.

According to Frost & Sullivan, since the centralized procurement policy is currently only applicable to DES products and is not expected to be applicable to BRS products in the foreseeable future, the average retail price for BRS products maintained at approximately RMB33,700 per unit in 2020 and is expected to gradually drop to RMB10,900 per unit in 2030. For these highly price-sensitive patients, the competitive advantage of BRS over DES may be negatively affected by the centralized procurement policy. However, for patients with sufficient purchase power, it is expected that the price itself would not be a key factor in determining which device to use when they undergo life-saving procedures such as PCI, and responsible physicians will still have incentives to recommend more advanced products such as BRS to their patients. Therefore, it is currently expected that the lower price of DES products would not significantly affect patients' willingness to use BRS products, according to Frost & Sullivan. Further, BRS has various potential advantages over DES and BMS, such as better recovery of vasomotion function, higher possibility of positive remodeling of coronary arteries and no interference with X-ray, CT, MRI examinations. After considering all of the aforesaid factors, we believe that the competitiveness of the BRS products in the PCI treatment market will not be negatively affected by the significant price reduction of DES products. In addition, as a result of the significant decline in price, it is expected that many DES manufacturers will be prone to reduce their investments in developing, manufacturing and promoting their DES products as they bring limited margins. In contrast, the manufacturers, distributors and other relevant industry players are expected to have much more incentive to promote BRS products. Therefore, BRS is expected to be better positioned than DES to capture the growth potential of the PCI device market in China. The market size of BRS products in China is expected to increase significantly from RMB0.2 billion in 2019 to RMB6.6 billion in 2030 at a CAGR of 38.5%, according to the same source.

However, there is no guarantee that the above expectation related to the impact of the centralized procurement policy will remain accurate. If patients' willingness to use BRS products is materially and adversely affected, we might be forced to change our pricing strategy, and our business and financial performance would be materially and adversely affected. For further details, please refer to the paragraphs headed "Risk Factors — Risks Relating to the Commercialization of Our Product Candidates — Even if we are able to commercialize any product candidates, the pricing of such products may be subject to downward changes which may have a material adverse effect on our business and results of operations" in this prospectus.

Competitive Landscape

The development of the BRS market in China is still at an early stage. According to Frost & Sullivan, as of the Latest Practicable Date, only two BRS products were commercialized in China, each of which was a first-generation BRS product with a strut thickness of over 150 μm. As of the Latest Practicable Date, there were only four domestic companies with second-generation product candidates in the clinical trial stage in China. The diagram below shows some of the key information regarding the commercialized and clinical-stage BRS products in the China market as of the Latest Practicable Date:

	Commercialized Drug Eluting BRS		Clinical-Stage Drug Eluting BRS			
Manufacturer	**Lepu Medical**	**Shandong BioHuaan**	**Bio-heart**	**MicroPort**	**AMET**	**Lifetech**
Product Name	NeoVas	Xinsorb	Bioheart	Firesorb	Amsorb	IBS
Strut Thickness (μm)	170	160	125-145	100-125	140-150	70-80
Radial Force (N/mm)	1.4	1.1	1.4	1.2	Unknown	Unknown
First-in-human Trial (FIM)	Completed	Completed	Completed	Completed	Completed	Completed
Randomized Controlled Trial (RCT)	Completed	Completed	In Progress	In Progress	In Progress	In Progress
Approval Time	2019	2020	N/A	N/A	N/A	N/A
Imaging Marker	4 (manually embedded)	4 (manually embedded)	4 (embedded by machine)	N/A	2	Unknown
***Public Tender Price (RMB)**	29,970	39,800	N/A	N/A	N/A	N/A
Governmental Reimbursement Coverage	No	No	N/A	N/A	N/A	N/A

* *Public tender price may vary for different provinces, so a median price is used for each product in this table.*

*Source: The NMPA, the Center for Medical Device Evaluation (國家藥品監督管理局醫療器械技術審評中心) (the "**CMDE**"), Company information, and Frost & Sullivan analysis*

According to Frost & Sullivan, China's BRS market is expected to continue to be dominated by a few domestic players, and the ability to develop advanced products with thinner strut thickness while able to maintain sufficient radial force is expected to be one of the key distinguishing factors for competing in this market. Among all the four clinical-stage BRS product candidates in China, AMET's Amsorb had not entered into the RCT stage. MicroPort's Firesorb has a thinner stent strut as compared with Bioheart®, but its radial force is weaker than Bioheart®. Based on the relevant academic literatures published in various reputable journals, thinner struts will bring substantial advantages such as better maneuverability and flexibility and better vessel wall apposition performance after scaffold implantation. However, if the struts are too thin, they may no longer have sufficient radial strength to keep the arteries open, and may be prone to break or recoil. Both Bioheart® and Firesorb have entered the RCT stage, but the patient enrollment of the RCT for Bioheart® was completed earlier than that for Firesorb. Lifetech's IBS is an iron-based alloy BRS product candidate. Lifetech recently received the approval to conduct RCT in China, but as of the Latest Practicable Date, it had not commenced patient enrollment for such clinical trial, according to Frost & Sullivan. It is expected that first-movers in the BRS market in China with advanced product features will capture significant market shares, according to Frost & Sullivan. After the commercialization of the relevant BRS products, we may also compete with MicroPort, a sizable market player, in many other respects, such as the sales and marketing capabilities, the abilities to establish and expand distribution network and the relationship with hospitals. For more information about the competitive landscape of the BRS product market in China, please refer to the paragraphs headed "Industry Overview — The Percutaneous Coronary Interventional Medical Device Market — Coronary Artery Disease and Treatment Solutions — Competitive Landscape of the BRS Product Market in China for

the Treatment of CAD" and the paragraphs headed "Business — Our Products and Product Candidates — Bioheart® — Our Core Product — Market Opportunity and Competition" in this prospectus.

OUR STRENGTHS

We believe the following strengths have contributed to our success and differentiated us from our competitors: (i) leading domestic player catering to the large, fast growing and unmet cardiovascular medical device market in China with a current focus on BRS therapy; (ii) a pioneer targeting the underserved hypertension market in China and expecting to commercialize the first RDN product in the market; (iii) innovative interventional cardiovascular platform with a product portfolio addressing the evolving clinical needs; (iv) strong research and development capabilities combined with strategically designed IP portfolio; (v) synergistic effects arising from our multiple product pipelines to maximize our strengths in the industry; and (vi) visionary and seasoned management team with rich industry experience and scientific expertise, backed by strong support from renowned shareholders.

OUR STRATEGIES

Leveraging on our strengths, we plan to implement the following strategies to achieve our mission: (i) rapidly advance the clinical development and commercialization of our late-stage product candidates; (ii) further enhance research and development capabilities and expand our product portfolios; (iii) expand manufacturing capabilities and build up in-house sales & marketing team; (iv) expand geographic presence and worldwide footprint; and (v) actively seek opportunities in external partnership, strategic investments and acquisitions.

IBERIS® 2ND — OUR SECOND-GENERATION RDN SYSTEM

Iberis® 2nd is our self-developed second-generation renal denervation (RDN) system. Iberis® 2nd is a class III medical device under the classification criteria of the NMPA. As of the Latest Practicable Date, we held nine registered patents (including five utility patents and four design patents) and three pending invention patent applications in relation to Iberis® 2nd, all of which are registered or applied in China. For details, please refer to the paragraphs headed "Business — Intellectual Property Rights" in this prospectus.

RDN is one of the few therapies with proven clinical efficacy to treat uncontrolled hypertension and resistant hypertension and is considered by many industry experts as having the potential to transform the treatment paradigm of hypertension. Our RDN product candidates have been developed by AngioCare, a medical device company established in China in 2011 and was acquired by our Company in September 2020. We are one of only three players in China with RDN products at clinical trial stage, and our product candidate, Iberis® 2nd, is expected to be the first approved multi-electrode RDN product in China, according to Frost & Sullivan. As compared with single-electrode RDN product candidates, our multi-electrode Iberis® 2nd can effectively reduce the duration of the procedure, and reduce the radiation exposure of patients and physicians. In addition, Iberis® 2nd is the only multi-electrode RDN product candidate in China that features combined ablation of the main renal artery and its branches, and we believe that, as compared with product candidates that can only ablate the main renal artery, Iberis® 2nd is able to improve the blood pressure lowering efficacy of the RDN procedure, which Frost & Sullivan concurs.

Iberis® 2nd was recognized as an "innovative medical device" by the NMPA in November 2016 and is therefore eligible for an expedited approval process. We initiated a randomized sham-controlled confirmatory clinical trial (RCT) for Iberis® 2nd in China in 2017, and aim to complete the trial subject enrollment by the end of 2021. To commercialize Iberis® 2nd in China, we need to submit the one-year follow-up results for the subjects enrolled in the RCT to the NMPA for its approval. We expect to complete the required follow-ups for the clinical trial and submit our RCT results to the NMPA for its approval in the fourth quarter of 2022. After the confirmatory clinical trial report is submitted to the NMPA, we expect to receive the NMPA approval within six months after the submission, considering various factors such as the statutory maximum turnaround time for the review procedure, and the expedited approval process Iberis® 2nd is eligible for. We currently expect to receive the NMPA approval for Iberis® 2nd in the second quarter of 2023. We have obtained CE Marking for Iberis® 2nd inpreparation for its future sales in Europe. We are also conducting clinical trials for Iberis® 2nd in Japan in collaboration with Terumo, and Terumo is responsible for making all required communications with the relevant Japanese authorities as to the progress of such clinical trials. As of the Latest Practicable Date, we had completed the first-in-human clinical trial for Iberis® 2nd in Japan. As confirmed by Terumo, Terumo has been communicating with the relevant Japanese authorities to initiate a randomized controlled clinical trial (i.e., the pivotal clinical trial) in Japan. As confirmed by Terumo, as of the Latest Practicable Date, Terumo had not submitted the formal application to the competent authorities in Japan, though, their pre-communications with such authorities were proceeding smoothly, and the competent authorities in Japan had not raised any objection to the initiation of the pivotal clinical trial. We expect to initiate the pivotal clinical trial in 2022 and to launch Iberis® 2nd in Japan in 2025.

For details of Iberis® 2nd, please refer to the paragraphs headed "Business — Our Products and Product Candidates — Iberis® 2nd — Our Second-Generation RDN System" in this prospectus.

Market Opportunity and Competition

Iberis® 2nd is designed for the treatment of uncontrolled hypertension and resistant hypertension. According to Frost & Sullivan, the number of hypertension patients in China increased from 289.9 million in 2015 to 317.4 million in 2019 at a CAGR of 2.3%, and is expected to further increase to 388.0 million in 2030. In 2019, only approximately 22.0% of hypertension patients in China had their hypertension under control, and the rest suffered either from uncontrolled or resistant hypertension, according to Frost & Sullivan. Similarly, in Japan, the number of hypertension patients increased from 37.5 million in 2015 to 40.1 million in 2019 at a CAGR of 1.7%, and is expected to further increase to 42.4 million in 2030. In 2019, only approximately 15.7% of hypertension patients in Japan had their hypertension under control, according to Frost & Sullivan.

According to Frost & Sullivan, based on, among others, the extensive literature review they completed and the multiple interviews they conducted with leading physicians and KOLs in the industry, the RDN therapy is one of the very few therapies with proven clinical efficacy to treat uncontrolled hypertension and resistant hypertension, and has many advantages over other traditional treatment solutions, and it is widely believed in the industry that the RDN therapy is a promising therapy that has the potential to change the treatment paradigm of both uncontrolled hypertension and resistant hypertension. However, as of the Latest Practicable Date, there were no RDN product commercialized in China or Japan, leaving the medical needs of uncontrolled and resistant hypertension patients unmet.

As of the Latest Practicable Date, there were three RDN product candidates in clinical trial stage in each of China and Japan, and the following diagrams illustrate the features of such RDN product candidates:

China

Manufacturer	Bio-heart	Golden Leaf	SyMap
Product Name	Iberis	N/A	SyMapCath
Technology	Radiofrequency	Radiofrequency	Radiofrequency
Electrodes	4	6	1
Catheter Sheath Dimension	6F	8F	8F
Branch Therapy	Y	N	N
Approach	TRI, TFI	TFI	TFI
Clinical Status	RCT ongoing	RCT ongoing	RCT ongoing

Japan

Manufacturer	Medtronic	Terumo/Bio-heart	Otsuka-ReCor
Product Name	Spyral	Iberis	Paradise
Technology	Radiofrequency	Radiofrequency	Ultrasound
Electrodes	4	4	N/A
Catheter Sheath Dimension	6F	6F	7F
Branch Therapy	Y	Y	N
Approach	TFI	TRI, TFI	TFI
Clinical Status	On-med: RCT ongoing Off-med: RCT not yet recruiting	RCT ongoing, trial subject enrollment for SAT initiated	RCT ongoing

It is estimated that after the product candidates of the above-mentioned forerunners in the RDN product markets get approved by the NMPA in China or by the relevant Japanese authority, as applicable, the size of the RDN product market in both countries will grow rapidly. The size of the RDN product market in China and Japan is expected to reach RMB10.5 billion and US$1.2 billion, respectively, by 2030. It is also expected that first-movers in these markets with advanced product features will capture significant market shares, according to Frost & Sullivan. For more information about the competitive landscape of the RDN product markets in China and Japan, please refer to the paragraphs headed "Industry Overview — The Renal Denervation Medical Device Market — Competitive Landscape of the RDN Product Market in China and Japan" and the paragraphs headed "Business — Our Products and Product Candidates — Iberis® 2nd — Our Second-Generation RDN System — Market Opportunity and Competition" in this prospectus.

In addition to our Core Product and Iberis® 2nd, we have also been developing Bioheart Ultra™, our next generation BRS product for coronary artery disease featuring an ultra-thin strut, and Bio-Leap™, a BRS system for below-the-knee (BTK) peripheral artery disease. We plan to initiate clinical trials for Bio-Leap™ and Bioheart Ultra™ in 2022 and currently expect to launch them in China in or around 2025 and 2027, respectively. Furthermore, we are also actively advancing the development of our balloon catheter product candidates, including balloon dilatation catheter, non-compliant (high-pressure) balloon dilatation catheter, and three impulse balloon dilatation catheters for the treatment of coronary artery calcification (CAC), peripheral vascular calcification (PVC) and aortic valve calcification (AVC), respectively. For more details, please refer to the paragraphs headed "Business — Our Products and Product Candidates" in this prospectus.

We believe that with our first-mover advantages, our strong research and development capabilities, and our product portfolio with advanced features tailored to address the unmet needs of patients and physicians, we are well positioned to capture the significant growth potential in the interventional cardiovascular medical device market in China.

ACQUISITION OF ANGIOCARE

AngioCare was founded in 2011 and is primarily engaged in the research and development of renal denervation medical devices. As part of our strategy to build an integrated interventional cardiovascular device platform, we acquired 65.69% equity interest in AngioCare through the Acquisition of AngioCare in September 2020. AngioCare became our subsidiary upon the closing of the Acquisition of AngioCare in September 2020. For more details regarding the acquisition, please refer to the paragraphs headed "History, Development and Corporate Structure — Reorganization" in this prospectus.

After the Acquisition of AngioCare, we integrated the day-to-day administration of the businesses of our Company and AngioCare. We also streamlined the organizational structure of the enlarged group by merging certain teams shared by each company, such as human resources, finance, clinical trial management, and marketing. We have consolidated AngioCare's results of operations since September 21, 2020. As at December 31, 2020 and June 30, 2021, we recorded goodwill of RMB144.6 million from our acquisition of AngioCare, respectively. For more details on the financial information of AngioCare and our consolidated financial information, please refer to the section headed "Financial Information" and Appendix IA to this prospectus.

AngioCare developed Iberis®, the first-generation RDN system that obtained CE Marking in March 2013, and it was commercialized by AngioCare in collaboration with Terumo in Asia and Europe from 2013 to 2015. AngioCare ceased the sales of Iberis® in all markets since 2015 after considering, among others, the market conditions and market sentiment towards RDN products at that time, and decided to shift its business focus to the research and development of Iberis® 2nd. For more details of Iberis®, please refer to the paragraphs headed "Business — Our Products and Product Candidates — Iberis® — Our First-Generation RDN System" in this prospectus.

RESEARCH AND DEVELOPMENT

Our research and development team possesses a global vision and vast industry experience. As of the Latest Practicable Date, our research and development team which consisted of a total of 28 employees, approximately 21.4% of whom possessed a master's degree or above and approximately 46.4% of whom possessed a bachelor's degree or above, amongst which a vast majority is in engineering- or chemistry-related principal. Our research and development team is led by Mr. Wang, Mr. Tao Cai, Mr. Chenzhao Zhang and Dr. Bradley Stewart Hubbard. Mr. Wang is our founder, Chairman of the Board and Chief Executive Officer, and has over 24 years of experience in the interventional cardiovascular medical device industry. He is also an expert in materials science and currently serves as a Ph.D. supervisor at Fudan University in materials science. Mr. Cai, our supervisor and head of technology of our BRS product pipeline, is an expert in polymers and 3D printing and has over 18 years of experience in the medical industry. Mr. Zhang, our supervisor and head of technology of our RDN product pipeline, is a catheter expert and has over ten years of experience in the medical industry. Dr. Hubbard, our chief medical officer, has a doctoral degree in veterinary medicine and more than 20 years of experience in clinical research and development in the medical device sector. Each of our research and development team members is an industry veteran with strong academic and professional background, having previously worked in managerial positions at leading industry players similar to our business. Our research and development team has been focusing on developing medical devices for the treatment of coronary or peripheral artery diseases, and uncontrolled or resistant hypertension. We also keep close and frequent communication with leading cardiologists, KOLs and principal investigators in the industry to fully understand the clinical needs of patients and physicians, and to develop our products that aim to specifically address such needs.

In 2019, 2020 and the six months ended June 30, 2020 and 2021, we incurred research and development expenses of RMB21.5 million, RMB245.7 million, RMB12.1 million and RMB120.5 million, respectively, among which, RMB21.5 million, RMB69.7 million, RMB12.1 million and RMB27.1 million was attributable to our Core Product, Bioheart®, respectively. Our research and development expenses increased significantly from RMB21.5 million for 2019 to RMB245.7 million for 2020, mainly due to (i) an increase in employee benefit expenses of RMB218.1 million as we granted restricted shares to our current or former key research and development personnel in recognition of their contributions to our product and technology development; and (ii) an increase in testing fees of RMB2.8 million as a result of the acquisition of AngioCare and the development progress of our pipeline products. Our research and development expenses increased from RMB12.1 million for the six months ended June 30, 2020 to RMB120.5 million for the six months ended June 30, 2021, mainly due to (i) an increase in employee benefit expenses of RMB98.5 million primarily due to an increase in equity-settled share awards as we granted restricted shares to our key research and development employees; (ii) an increase in testing fees of RMB6.2 million mainly as a result of the development progress of our pipeline products; and (iii) an increase in cost of raw materials and consumables used of RMB2.0 million mainly attributable to the development progress of our pipeline products. For more details of our research and development expenses, please refer to the paragraphs headed "Financial Information — Description of Selected Components of Consolidated Statements of Comprehensive Loss — Research and Development Expenses" in this prospectus.

Our research and development expenses did not include AngioCare's research and development expenses in 2019 and for the period from January 1, 2020 to September 21, 2020. For 2019, the nine months ended September 30, 2020, and 2020, AngioCare's research and development expenses amounted to RMB9.1 million, RMB6.9 million, and RMB29.0 million, respectively. For more details of our research and development expenses, please refer to the paragraphs headed "Financial Information of AngioCare — Research and Development Expenses" in this prospectus.

Furthermore, as of the Latest Practicable Date, our IP portfolio consisted of 67 registered patents and 28 pending patent applications.

COLLABORATION WITH OUR BUSINESS PARTNERS

Strategic Alliance with Terumo

Terumo is a company listed on the Tokyo Stock Exchange (stock code: 4543) with extensive business portfolios ranging from vascular intervention and cardio-surgical solutions, blood transfusion and cell therapy technology, to medical products essential for daily clinical practice. In November 2012, AngioCare, which became our subsidiary in September 2020, formed a strategic alliance with Terumo to distribute our RDN products globally once approved. Pursuant to the agreements entered into between AngioCare and Terumo, Terumo subscribed to AngioCare's capital increases in 2012 and 2014, respectively, and became a shareholder of AngioCare. As of the Latest Practicable Date, Terumo held 24.31% of the shares in AngioCare. Leveraging on Terumo's well-established product distribution network globally, we believe our strategic alliance will enhance our brand recognition and promote the sales of our RDN products once they are launched.

Under our collaboration with Terumo, we are responsible for the design and development of the relevant RDN products as well as conducting clinical trials for such products in China. Terumo is responsible for (i) acquiring all necessary approvals from the relevant Japanese authorities on behalf of AngioCare for conducting clinical trials for the relevant RDN products in Japan; (ii) conducing the relevant clinical trials and making all required communications with the relevant Japanese authorities as to the progress of such clinical trials; and (iii) obtaining all necessary permits, approvals and licenses for commercializing the relevant RDN products developed by Angiocare in Japan. Terumo agreed to pay AngioCare a total amount of approximately RMB88.8 million in installments for the development of, and obtaining of regulatory approvals for the relevant RDN products, with approximately RMB67.4 million to be paid up in three installments for the research and development of the 1st generation RDN product based on its development progress, and approximately RMB21.4 million to be paid up in six installments for the research and development of the 2nd generation RDN product (with the first four installments to be paid up prior to May 31, 2015, the fifth installment to be paid up within 30 days since the date when AngioCare obtained the CE Marking for the 2nd generation RDN product, and the sixth installment within 30 days since the initiation of the trial subject enrollment of the clinical trial for the 2nd generation RDN product). As of the Latest Practicable Date, Terumo had fully paid RMB88.8 million to AngioCare.

Terumo will also have the exclusive distribution rights for our RDN products in the global market, subject to certain conditions including: (i) in China, we will have the rights to distribute the relevant RDN products to third parties if Terumo fails to achieve the sales target, i.e., at least 30,000 units per year for five years after the relevant RDN products are included in the medical device bidding list issued by the relevant regulatory authorities in China; and (ii) in any region other than China, Terumo will have the exclusive distribution rights for the relevant RDN products unless it (a) waives such rights in writing, (b) fails to assist us in obtaining the necessary approvals for selling the relevant RDN products in an overseas market within three months after our Directors have decided to enter the market, or (c) fails to enter into any sales agreement for the relevant RDN products within six months after receiving the relevant approvals.

In addition, subject to certain exceptions, we and Terumo jointly own all IP rights in relation to the relevant RDN products. Terumo will become a connected person of our Group upon the Listing and the transactions contemplated under our agreements with Terumo will continue following the Listing Date, thereby constituting continuing connected transactions under Chapter 14A of the Listing Rules. For details, please refer to the paragraphs headed "Connected Transactions — Overview — 1. Collaboration Arrangements under the Strategic Alliance Agreements with Terumo" in this prospectus. The foregoing agreements between Terumo and us became effective since January 8, 2013, and are effective for 30 years unless terminated in advance pursuant to the terms of the relevant agreements.

For details, please refer to the paragraphs headed "Business — Sales, Distribution and Marketing — Strategic Alliance with Terumo" and "Connected Transactions — 1. Collaboration Arrangements under the Strategic Alliance Agreements with Terumo" in this prospectus.

Relationship with CROs and SMOs

We collaborate with experienced domestic CROs and SMOs for the support of our clinical trials. When selecting CROs and SMOs, we consider a number of factors, including their expertise, experience and reputation. For each new clinical trial, we generally enter into an agreement with the CRO or SMO. The CROs and SMOs must comply with all applicable laws and regulations as well as follow our protocols to ensure that all clinical trial results are accurate and authentic. Under the legally-binding agreements with our CROs or SMOs, we are responsible for the trial preparation, subject enrollment, trial implementation and management, while the CRO or SMO takes responsibility for record keeping and report preparation to guarantee the compliance of the clinical trial process with applicable regulations and standards. In return for their services, we make scheduled payments as agreed in the agreements. Our CROs and SMOs may further assist us in trial preparation and management pursuant to our particular request, for which extra fees will be incurred. Under the agreements, we generally own all intellectual property and trial results and the CROs must maintain strict confidentiality with respect to the information they obtained from us during clinical trials.

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

OUR PRODUCTION FACILITIES AND PROCESSES

Currently our in-house production is limited to producing, assembling and testing sample products under development for the purpose of pre-clinical studies, clinical trials and product registration. We made our production plan primarily based on the progresses of our pre-clinical and clinical studies. With the potential launches of our product candidates in the near future and further product launches expected from our pipeline, we intend to primarily utilize our in-house manufacturing capabilities to secure product supply and to adopt a hybrid manufacturing model that employs CMO outsourcing if necessary. During the Track Record Period, we did not engage any CMOs. We only plan to outsource the manufacturing of certain parts of our products that is labor-intensive and has no material challenges in technology to CMOs when our in-house manufacturing capabilities are unable to fully secure product supply as market demands grow in the future, and we will strictly comply with then applicable laws and regulations for the manufacturing of our products. To this end, qualified CMOs are readily available in the market according to Frost & Sullivan, and therefore we believe that there would not be any difficulties in engaging CMOs when our business need arises in the future. For more details of our manufacturing plan, please refer to the paragraphs headed "Business — Our Production Facilities and Processes" in this prospectus. For the risks associated with our manufacturing capacity, please refer to the paragraphs headed "Risk Factors — Risks Relating to Manufacture and Supply of Our Product Candidates" in this prospectus.

OUR CUSTOMERS

During the Track Record Period and up to the Latest Practicable Date, we had no commercialized product and therefore had no customers.

OUR SUPPLIERS AND RAW MATERIALS

During the Track Record Period, our suppliers mainly included suppliers of raw materials for the production of sample products under development for the purpose of clinical trials. We also engaged certain CROs to support our internal team in managing and conducting pre-clinical and clinical studies for our product candidates in China. In 2019, 2020 and the six months ended June 30, 2021, purchases from our five largest suppliers amounted to RMB17.9 million, RMB11.9 million and RMB9.0 million, respectively, representing 75.7%, 65.1% and 45.5% of our total purchases for the same periods, respectively; purchases from our largest supplier amounted to RMB6.2 million, RMB4.0 million and RMB4.8 million, respectively, representing 26.2%, 22.1% and 24.5% of our total purchases for the same periods, respectively.

SUMMARY HISTORICAL FINANCIAL INFORMATION

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

Our Consolidated Statements of Comprehensive Loss

The following table sets forth our consolidated statements of comprehensive loss for the periods indicated:

	Year Ended December 31,		Six Months Ended June 30,	
	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Research and development expenses	(21,530)	(245,743)	(12,124)	(120,486)
Administrative expenses	(3,744)	(81,556)	(2,017)	(104,535)
Other income and gains	1,646	3,424	522	964
Other expenses	(5)	(16,363)	–	(3,226)
Finance costs	(86)	(56)	(26)	(227)
Loss before tax	(23,719)	(340,294)	(13,645)	(227,510)
Income tax expense	–	–	–	–
Loss for the year/period	(23,719)	(340,294)	(13,645)	(227,510)
Loss attributable to:				
Owners of the parent	(23,719)	(325,523)	(13,645)	(199,789)
Non-controlling interests	–	(14,771)	–	(27,721)

We currently have no products approved for commercial sale, and during the Track Record Period, we had not generated any revenue from product sales. We were not profitable and incurred operating losses during the Track Record Period. In 2019, 2020, and the six months ended June 30, 2020 and 2021, we had loss for the year/period of RMB23.7 million, RMB340.3 million, RMB13.6 million and RMB227.5 million, respectively. Substantially all of our operating losses resulted from research and development expenses and administrative expenses. For more details, please refer to the paragraphs headed "Financial Information — Description of Selected Components of Consolidated Statements of Comprehensive Loss — Research and Development Expenses" and "Financial Information — Description of Selected Components of Consolidated Statements of Comprehensive Loss — Administrative Expenses" in this prospectus.

Selected Items of Our Consolidated Statements of Financial Position

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

	As at December 31,		As at June 30,
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Total non-current assets	21,327	314,277	337,790
Total current assets	32,788	470,765	417,609
Total assets	54,115	785,042	755,399
Total current liabilities	8,712	13,867	17,787
Total non-current liabilities	7,264	27,262	35,243
Net current assets	24,076	456,898	399,822
Total liabilities	15,976	41,129	53,030
Net assets	38,139	743,913	702,369
EQUITY			
Equity attributable to owners of the parent			
Share capital	–	220,000	220,000
Paid-in capital	28,638	–	–
Reserves	9,501	480,090	440,745
	38,139	700,090	660,745
Non-controlling interests	–	43,823	41,624
Total equity	**38,139**	**743,913**	**702,369**

Our total assets increased from RMB54.1 million as at December 31, 2019 to RMB785.0 million as at December 31, 2020, primarily resulting from (i) a significant increase in our cash and cash equivalents from RMB20.7 million to RMB453.7 million, primarily attributable to the funds we received from our Pre-IPO Investments, and (ii) the goodwill acquired in relation to our acquisition of AngioCare in September 2020 in the amount of RMB144.6 million.

Our total assets decreased from RMB785.0 million as at December 31, 2020 to RMB755.4 million as at June 30, 2021, primarily resulting from a decrease in our cash and cash equivalents from RMB453.7 million to RMB166.3 million, mainly attributable to the six-month bank deposits we made in 2021, and research and development expenses and administrative expenses incurred from our daily operations, partially offset by an increase in time deposits of RMB226.7 million as a result of such six-month bank deposits.

Our net current assets increased from RMB24.1 million as at December 31, 2019 to RMB456.9 million as at December 31, 2020, primarily because of a significant increase in cash and cash equivalents from RMB20.7 million to RMB453.7 million, primarily attributable to the funds we received from Series C Financing and Series D Financing.

Our net current assets decreased from RMB456.9 million as at December 31, 2020 to RMB399.8 million as at June 30, 2021, primarily because of a decrease in our cash and cash equivalents from RMB453.7 million to RMB166.3 million, mainly attributable to the six-month bank deposits we made in 2021, and research and development expenses and administrative expenses incurred from our daily operations partially offset by an increase in time deposits of RMB226.7 million as a result of such six-month bank deposits.

Our total liabilities increased from RMB16.0 million as at December 31, 2019 to RMB41.1 million as at December 31, 2020, primarily because of (i) an increase in other payables and accruals from RMB1.8 million to RMB12.1 million mainly as a result of (a) an increase in accrued listing expenses of RMB7.1 million mainly in connection with our proposed listing, (b) an increase in accruals for research and development of RMB2.7 million, and (c) an increase in payroll payable of RMB1.0 million, and (ii) an increase in the deferred tax liabilities from nil to RMB20.6 million, a temporary change arising from the intangible assets acquired through the acquisition of AngioCare.

Our total liabilities increased from RMB41.1 million as at December 31, 2020 to RMB53.0 million as at June 30, 2021, primarily because of (i) an increase in lease liabilities from RMB1.3 million to RMB10.6 million, mainly attributable to our lease of a new plant in 2021, and (ii) an increase in other payables and accruals from RMB12.1 million to RMB14.7 million mainly as a result of an increase in accrued listing expenses payable to third-party advisers in connection with our proposed Listing.

Our net assets increased from RMB38.1 million as at December 31, 2019 to RMB743.9 million as at December 31, 2020, primarily because of (i) a significant increase in cash and cash equivalents from RMB20.7 million to RMB453.7 million, primarily attributable to the funds we received from Series C Financing and Series D Financing; and (ii) the goodwill and other intangible assets acquired, and deferred tax liabilities incurred, in relation to our acquisition of AngioCare in September 2020, in the amount of RMB144.6 million, RMB137.2 million and RMB20.6 million, respectively.

Our net assets decreased from RMB743.9 million as at December 31, 2020 to RMB702.4 million as at June 30, 2021, primarily because of (i) a decrease in our cash and cash equivalents from RMB453.7 million to RMB166.3 million, mainly attributable to the six-month bank deposits we made in 2021, and research and development expenses and administrative expenses incurred from our daily operations, (ii) an increase in lease liabilities from RMB1.3 million to RMB10.6 million, mainly attributable to our lease of a new plant in 2021, and (iii) an increase in other payables and accruals from RMB12.1 million to RMB14.7 million mainly as a result of an increase in accrued listing expenses payable to third-party advisers in connection with our proposed Listing, partially offset by an increase in time deposits of RMB226.7 million as a result of such six-month bank deposits.

Summary Consolidated Statements of Cash Flows

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

	Year Ended December 31,		Six Months Ended June 30,	
	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Operating cash flows before movements in working capital	(15,949)	(47,553)	(9,804)	(31,725)
Changes in working capital	(5,412)	(941)	629	(6,541)
Interest paid	–	–	–	–
Income tax paid	–	–	–	–
Net cash flows used in operating activities	(21,361)	(48,494)	(9,175)	(38,266)
Net cash flows used in investing activities	(5,660)	(225,151)	(604)	(238,459)
Net cash flows from/(used in) financing activities	43,090	722,993	(676)	(9,889)
Net increase/(decrease) in cash and cash equivalents	16,069	449,348	(10,455)	(286,614)
Cash and cash equivalents at beginning of the year/period	4,595	20,672	20,672	453,667
Effect of foreign exchange rate changes, net	8	(16,353)	–	(720)
Cash and cash equivalents at end of the year/period	20,672	453,667	10,217	166,333

Our net cash used in operating activities was RMB21.4 million, RMB48.5 million, RMB9.2 million and RMB38.3 million in 2019, 2020, and the six months ended June 30, 2020 and 2021, respectively, primarily due to the significant research and development expenses and administrative expenses we incurred during the Track Record Period without generating any revenue from sales of our product candidates. We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. In view of our net operating cash outflows throughout the Track Record Period, we plan to improve such position by (i) rapidly advancing our late-stage pipeline products towards commercialization to generate revenue from product sales (for example, we plan to expedite the development and registration of two balloon dilatation product candidates that are exempted from clinical trial requirements in China with an aim to generate cash from the sales of such products in 2022 at the earliest); (ii) adopting comprehensive measures to effectively control our costs and operating expenses (for example, we plan to optimize our staffing and cost structure to reduce our overall costs); (iii) enhancing working capital management efficiency; (iv) successfully launching the Global Offering to

obtain the proceeds; and (v) seeking additional funding through public or private offerings, debt financing or other sources, if needed.

Our operating cash flow will continue to be affected by our research and development expenses. For more details, please refer to the paragraphs headed "Financial Information — Liquidity and Capital Resources — Net Cash Flows Used in Operating Activities" in this prospectus. During the Track Record Period and up to the Latest Practicable Date, we mainly relied on capital contributions by our shareholders and equity financing as the major sources of liquidity. Our Directors are of the opinion that, taking into account of the financial resources available to us, including cash and cash equivalents, the estimated net proceeds from the Global Offering and our cash burn rate, we have sufficient working capital to cover at least 125% of our costs and expenses for normal operation, including research and development expenses, administrative expenses, and other expenses, for at least the next 12 months from the date of this prospectus.

We estimate that we will receive net proceeds of approximately HK$438.2 million from the Global Offering, assuming the Over-allotment Option being not exercised and an Offer Price of HK$21.25 per H Share, being the low-end of the indicative Offer Price range. Our cash burn rate refers to the average monthly cash used in operating activities, payments for property, plant and equipment, and lease payments. Assuming our cash burn rate going forward will be approximately 2.0 times of the cash burn rate in 2020, as we continue to expand our product pipelines and to prepare for the upcoming commercialization of some of our product candidates, we estimate that, taking into account our cash and cash equivalents of RMB318.9 million as of October 31, 2021 and the entire amount of the estimated net proceeds from the Global Offering, we will be able to maintain our financial viability for 75 months. Even without taking into account the estimated net proceeds from the Global Offering, our Directors estimate that our cash and cash equivalents of RMB318.9 million as of October 31, 2021 are sufficient to maintain our financial viability for approximately 35 months. We expect to raise our next round of financing no earlier than 2024. Our Directors and our management team will continue to monitor our working capital, cash flows, and our business development status. In the event our business operations experience any material and adverse impact, we will proactively manage our cash flows and control our costs and expenses, for example, by reducing our marketing efforts; on the other hand, in the event we identify any additional promising research and development projects, or identify any suitable target for investment or acquisition, we may adjust our financing plans, to take advantage of such opportunities.

KEY FINANCIAL RATIO

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

	As at December 31,		As at June 30,
	2019	2020	2021
Current ratio*	3.8	33.9	23.5

Note:

* Current ratio represents current assets divided by current liabilities as of the same date.

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

RISK FACTORS

We believe that there are certain risks involved in our operations, many of which are beyond our control. These risks are set out in the section headed "Risk Factors" in this prospectus. Some of the major risks we face include: (i) our future growth depends substantially on the successful development of our product candidates to commercialization; (ii) clinical product development involves a lengthy and expensive process with an uncertain outcome; (iii) BRS and RDN are novel therapies with limited long-term safety and efficacy data, and a number of factors may negatively affect the market acceptance of BRS and RDN products; (iv) third parties may initiate legal proceedings alleging that we are infringing, misappropriating or otherwise violating their intellectual property rights, and the outcome of such legal proceedings would be uncertain; (v) failure to adequately protect our intellectual property rights may adversely affect our reputation and disrupt our business; (vi) even if we are able to commercialize any product candidates, our sales may be affected by the level of medical insurance reimbursement patients receive for PCI and/or renal denervation procedures using our products; (vii) the medical device industry in China is highly regulated and such regulations are subject to changes, which may adversely affect our business; (viii) we have incurred significant operating losses since our inception, and may continue to incur operating losses for the foreseeable future; (ix) we had net cash outflows from our operating activities during the Track Record Period and we will need to obtain additional financing to fund our operations; (x) if we determine our goodwill to be impaired, our results of operations and financial condition may be adversely affected; and (xi) if we determine our intangible assets to be impaired, our results of operations and financial condition may be adversely affected.

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

PRE-IPO INVESTMENTS

The Pre-IPO Investments included: (i) Series A financing from which we raised approximately RMB49.0 million; (ii) Series B financing from which we raised RMB20.0 million; (iii) Series C Financing from which we raised RMB211 million, and (iv) Series D financing from which we raised approximately USD58 million. Our Pre-IPO Investors are subject to a lock-up period of 12 months following the Listing Date pursuant to the PRC Company Law. For details, please refer to "History, Development and Corporate Structure — Pre-IPO Investments."

Our Pre-IPO Investors consist of private equity and venture capital funds and investment holding companies, some with specific focus on the healthcare industry. For details, please refer to "History, Development and Corporate Structure — Pre-IPO Investment — Information about our Pre-IPO Investors."

Pursuant to the Supplemental Shareholders' Agreement and an agreement dated November 6, 2020 between our Company, Mr. Wang, Winning Powerful and TPG, the parties agreed that in the event that the Unlisted Foreign Shares held by TPG cannot be converted to H Shares and be traded on the Hong Kong Stock Exchange before the first anniversary of the Listing Date, TPG is entitled to request Mr. Wang to repurchase all or part of the Unlisted Foreign Shares held by TPG. If (i) the conversion of the Unlisted Foreign Shares of TPG into H Shares is approved before the first anniversary of the Listing Date, or (ii) the Unlisted Foreign Shares of TPG become qualified to be traded on the Hong Kong Stock Exchange before the first anniversary of the Listing Date, the TPG Divestment Right will cease to have effect. Given that the CSRC has approved the conversion and listing on the Stock Exchange of all of the 20,753,025 Unlisted Foreign Shares held by TPG, such Unlisted Foreign Shares will be converted into H Shares upon Listing and as such, the TPG Divestment Right will no longer be effective upon Listing. For details, please refer to "History, Development and Corporate Structure — Pre-IPO Investments — Rights of the Pre-IPO Investors — TPG Divestment Right."

In accordance with the PRC Company Law, the shares issued prior to any public offering of shares by a company cannot be transferred within one year from the date on which such publicly offered shares are listed and traded on the relevant stock exchange. As such, the Shares held by our Pre-IPO Investors will be subject to such statutory restriction on transfer within a period of one year from the Listing Date. Since a significant level of our Shares, representing 90.19% of our total issued Shares upon Listing (assuming the Over-allotment Option is not exercised), are subject to such lock-up arrangements, there can be no assurance that an active and liquid trading market for our Shares will develop following the Global Offering. For details, please refer to "Risk Factors — Risks Relating to the Global Offering — There has been no prior public market for our Shares and there can be no assurance that an active market would develop, and the price and trading volume of our Shares may be volatile."

OUR CONTROLLING SHAREHOLDER

As of the Latest Practicable Date, Mr. Wang controlled the exercise of voting rights of approximately 48.51% of the total issued share capital of our Company through (i) his personal capacity; (ii) Winning Powerful, of which he is the sole shareholder; (iii) Shanghai Baixinantong, of which he is the sole executive partner who is entitled to exercise its shareholder's rights pursuant to the relevant partnership agreement dated October 20, 2020, including but not limited to the voting rights attached to the Shares it holds; and (iv) Shanghai Baihate, which has entered into a proxy agreement with Mr. Wang dated December 10, 2020. Shanghai Baixinantong and Shanghai Baihate were both established in the PRC for the sole purpose of serving as our employee incentive platforms. Pursuant to the proxy agreement, Shanghai Baihate agrees and confirms that it has, since December 10, 2020 (the date when the shareholders' meeting approving the Listing was held), unconditionally and irrevocably appointed Mr. Wang as its proxy to exercise its shareholder's rights, including but not limited to the voting rights attached to the Shares it holds. As such, Mr. Wang controlled the exercise of the voting rights attached to a total of 106,723,763 Shares held by Winning Powerful Limited, Shanghai Baixinantong, Shanghai Baihate and himself. Immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised), Mr. Wang will be entitled to exercise voting rights of approximately 43.75% of the issued share capital of our Company, and will therefore be our ultimate Controlling Shareholder. For further details, see the sections headed "History, Development and Corporate Structure —

Voting Arrangement" for the voting arrangement and "History, Development and Corporate Structure — Employee Incentive Schemes" for the information on Shanghai Baixinantong and Shanghai Baihate.

SHARE CAPITAL

Assuming the Over-allotment Option is not exercised, upon completion of the Global Offering, our issued share capital will increase to RMB243,937,000, made up of 100,107,425 Domestic Shares, 82,223,459 Unlisted Foreign Shares and 61,606,116 H Shares fully paid up or credited as fully paid up, representing 41.04%, 33.71% and 25.25% of our registered share capital, respectively.

DIVIDEND

No dividend has been paid or declared by our Company or the subsidiary now comprising our Group during the Track Record Period. We currently expect to retain all future earnings for use in the operation and expansion of our business, and do not have any dividend policy to declare or pay any dividends in the near future. Any declaration and payment as well as the amount of dividends will be subject to our Articles of Association and the PRC Company Law.

The declaration and payment of any dividends in the future will be determined by our Board, in its discretion, and will depend on a number of factors, including our earnings, capital requirements, overall financial conditions and contractual restrictions. Our Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. As confirmed by our PRC Legal Adviser, according to the PRC law, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses have been made up for, and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

We have recorded significant amounts of intangible assets and net losses during the Track Record Period. In light of our accumulated losses as disclosed in this prospectus, it is unlikely that we will be eligible to pay a dividend out of our profits in the near future. There is no assurance that dividends of any amount will be declared to be distributed in any year. For more details, please refer to the paragraphs headed "Financial Information — Dividend" in this prospectus.

THE GLOBAL OFFERING

The Global Offering by us consists of:

- the offer by us of initially 2,394,000 H Shares, or Hong Kong Offer Shares, for subscription by the public in Hong Kong, referred to in this prospectus as the Hong Kong Public Offering; and

- the offer by us of initially 21,543,000 H Shares, or International Offer Shares, outside the United States (including to professional, institutional and other investors within Hong Kong) in offshore transactions in reliance on Regulation S and in the United States to QIBs in reliance on Rule 144A or another exemption from the registration requirements under the U.S. Securities Act, referred to in this prospectus as the International Offering.

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

We plan to conduct the offering and listing of A shares at an appropriate time after the Global Offering. As of the Latest Practicable Date, we have not determined the size and scope of the contemplated A share offering and have not made any application to any recognized stock exchange in the PRC for approval for the listing of any A shares. There is no assurance we will conduct an A share offering in the future.

For details, please refer to the paragraphs headed "Risk Factors — We plan to conduct the offering and listing of A shares at an appropriate time after the Global Offering, but there is no assurance that we will conduct such an A share offering, and the characteristics of the A share and H share markets are different." and "History, Development and Corporate Structure — The A Share Listing" in this prospectus.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

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

GLOBAL OFFERING STATISTICS[(1)]

	Based on the Offer Price of HK$21.25 per Offer Share	Based on the Offer Price of HK$24.79 per Offer Share
Market capitalization of our Shares[(2)]	HK$5,183.7 million	HK$6,047.2 million
Unaudited pro forma adjusted consolidated net tangible assets per Share[(3)]	HK$3.99	HK$4.32

Notes:

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

(2) The calculation of market capitalization is based on 243,937,000 Shares expected to be in issue immediately after completion of the Global Offering.

(3) The pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Offer Share is calculated after making the adjustments referred to in "Financial Information — Unaudited Pro Forma Statement of Adjusted Consolidated Net Tangible Assets" and on the basis that 243,937,000 Shares were in issue assuming the Global Offering has been completed on June 30, 2021.

USE OF PROCEEDS

We estimate that the aggregate net proceeds to our Company from the Global Offering will be approximately HK$478.7 million, assuming that the Over-allotment Option is not exercised and an Offer Price of HK$23.02 per H Share (being the mid-point of the Offer Price range). In the event that the Over-allotment Option is exercised in full, we estimate that net proceeds of the Global Offering would increase to approximately HK$557.6 million. In line with our business strategies, we intend to use our net proceeds from the Global Offering for the following purposes:

Amount of the estimated net proceeds	Intended use of net proceeds
62.0%, or HK$296.8 million	For the ongoing confirmatory clinical trial, preparation for registration filings, and planned commercial launch of our Core Product, Bioheart®, of which: 32.4%, or HK$155.1 million will be used to fund the costs for Bioheart®'s clinical trials and registration filings, continuous development projects, and post-launch clinical studies and follow-ups 14.8%, or HK$70.8 million will be used for the sales and marketing of Bioheart® 14.8%, or HK$70.8 million will be used to expand our current manufacturing capacity for Bioheart®

Amount of the estimated net proceeds	Intended use of net proceeds
21.3%, or HK$102.0 million	For the ongoing randomized controlled clinical trial in China and continuous development of our RDN product candidate, Iberis® 2nd
6.7%, or HK$32.1 million	For the research and development, ongoing pre-clinical studies and planned clinical trials of other product candidates in our pipeline, including Bio-Leap™, Bioheart Ultra™, our Bioheart® balloon dilatation catheter, our Bioheart® non-compliant (high-pressure) balloon dilatation catheter and our Bioheart® impulse balloon dilatation catheters
10.0%, or HK$47.9 million	For our general corporate and working capital purposes

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

LISTING EXPENSES

Listing expenses to be borne by us are estimated to be approximately RMB59.3 million (HK$72.3 million), or 13.1% of the gross proceeds estimated to be received by us from the Global Offering (at the Offer Price of HK$23.02 per Offer Share, being the mid-point of the Offer Price range, and assuming the Over-allotment Option is not exercised), of which (i) underwriting-related expenses, including underwriting commission and other expenses are approximately RMB26.1 million (HK$31.8 million) and (ii) non-underwriting-related expenses are approximately RMB33.2 million (HK$40.5 million), comprising (a) fees and expenses of legal advisers and accountants of approximately RMB24.3 million (HK$29.6 million) and (b) other fees and expenses of approximately RMB9.0 million (HK$10.9 million). As of June 30, 2021, we incurred a total of RMB29.7 million (HK$36.2 million) in listing expenses, among which RMB12.0 million were recognized in our consolidated statement of comprehensive loss prior to June 30, 2021, and RMB17.7 million were capitalized.

We estimate that additional listing expenses of approximately RMB29.6 million (HK$36.1 million) (including underwriting commissions and incentive fees of approximately RMB20.3 million (HK$24.8 million), assuming the Over-allotment Option is not exercised and based on the Offer Price of HK$23.02 per Offer Share, being the mid-point of the Offer Price range) will be incurred by our Company, approximately RMB12.9 million (HK$15.7 million) of which is expected to be charged to our consolidated statements of profit or loss, and approximately RMB16.7 million (HK$20.4 million) of which is expected to be capitalized. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

IMPACT OF THE COVID-19 OUTBREAK

Since late 2019, the outbreak of a novel strain of coronavirus causing coronavirus disease 2019 (COVID-19) has materially and adversely affected the global economy. In response, countries across the world including China imposed widespread lockdowns, closure of work places and restrictions on mobility and travel to contain the spread of the virus, which also resulted in significantly reduced mobility of our employees, causing most of the employees to work remotely. With effective quarantine measures taken by the Chinese government to reduce confirmed COVID-19 cases in China, as well as the various precautionary measures implemented by us to adjust our employees' work arrangements in accordance with the relevant regulations and policies, we were able to maintain a sufficient number of personnel to work on-site and continue our research and development activities. As of the Latest Practicable Date, all of our facilities had resumed normal operations, and we had no suspected or confirmed COVID-19 cases on our premises or among our employees.

Since late July 2021, the delta variant of COVID-19 has recurred in several provinces across China (the "**Recurrence**"). The Recurrence did not have any material impact on our research and development activities or our commercialization plans, mainly because (i) the Recurrence is far less severe in terms of the number of suspected or confirmed cases than the early-2020 outbreak; (ii) the Recurrence was effectively controlled thanks to the quick response of the relevant authorities, and substantially all of the Chinese cities had eased or lifted domestic travel restrictions and resumed normal social activities, work and production as of the Latest Practicable Date; and (iii) the government authorities, our customers and suppliers, the clinical trial centers and our Company have developed corresponding systems in response to COVID-19 to relieve its potential impact based on past experience.

Our Directors have carried out a holistic review of the impact of the COVID-19 on our operations and confirmed that as of the Latest Practicable Date, COVID-19 has not had any long-term material adverse impact on our operations. Please refer to the paragraphs headed "Financial Information — Impact of the COVID-19 Outbreak" for details of the impact of COVID-19 and our corresponding precautionary measures. However, we cannot be entirely certain as to whether and when the COVID-19 pandemic will be fully contained. There remain significant uncertainties surrounding the COVID-19 outbreak and its further development as a global pandemic, considering the situation outside China and the occasional regional resurgence of COVID-19 cases in certain areas in China. We are closely monitoring the development of the COVID-19 pandemic and continuously evaluating any potential impact the pandemic may have on our business, results of operations and financial condition. For details, please refer to the paragraphs headed "Risk Factors — Risks Relating to Our Operations — Our business, results of operations and financial position could be adversely affected by the ongoing COVID-19 pandemic."

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Expected Increase in Net Losses for 2021

Since the end of the Track Record Period, we have continuously developed our business, but we expect that our net losses will significantly increase in 2021, primarily because we expect to continue to incur significant research and development expenses to fund our ongoing and future clinical trials for Bioheart® and Iberis® 2nd, and the pre-clinical studies for our other product candidates.

Developments of PRC Laws and Regulations

Regulatory Updates Related to Commissioned Production of Medical Devices

On November 15, 2021, the NMPA published the *Guidelines for the Preparation of Quality Agreement for Commissioned Production of Medical Devices (Draft for Comment)* (《醫療器械委託生產質量協議編製指南(徵求意見稿)》) (the "**Draft Guideline**"), which primarily proposed a number of more stringent requirements (as compared to the existing regulatory regime under the *Regulations on the Supervision and Administration of Medical Devices (2021 Revision)* (《醫療器械監督管理條例(2021修訂)》) in relation to engaging external subcontractors for the manufacturing of medical devices. For example, when a medical device registrant or filer commissions an enterprise with the corresponding conditions to manufacture medical devices, it shall sign a "quality agreement for commissioned production of medical devices" with the commissioned manufacturer to clarify the rights, obligations and responsibilities to be assumed in the whole process of production. Parties applying the Draft Guideline shall choose to apply all or part of the Draft Guideline for the formulation of quality agreements through consultation, in light of the actual situation of commissioned production. Moreover, on November 19, 2021, the NMPA published the *Prohibited Catalog of Entrusted Production of Medical Devices (Draft for Comment)* (《禁止委託生產醫療器械目錄(徵求意見稿)》) (the "**Draft Amended Catalog**") as a proposed amendment to the current effective catalog which was published on September 26, 2014 (the "**Current Catalog**"). The Current Catalog contains a list of medical devices prohibited from being entrusted for production, most of which are implantable and are deemed to have high risks. The Draft Amended Catalog remains generally the same in scope except for adding certain medical devices for cosmetic use. During the Track Record Period and up to the Latest Practicable Date, we had never engaged any external subcontractors or contract manufacturers to produce any of our medical devices, and we plan to utilize our in-house manufacturing capabilities to secure supply of our products at their early stage of commercialization. Therefore, as confirmed by our PRC Legal Adviser, even if the Draft Guideline and the Draft Amended Catalog come into effect in substantially the same form as currently proposed, it would not have any material impact on our business operation. If our in-house manufacturing capabilities are not sufficient to secure product supply as business need arises in the future, we may consider to adopt a hybrid manufacturing model that employs CMO outsourcing, and we will strictly comply with the applicable laws and regulations for the manufacturing of our products. For more details of risks associated with the Draft Guideline, please refer to the sections headed "Risk Factors — Risks Relating to Our Products and Product Candidates — Risks Relating to Manufacture and Supply of Our Product Candidates — If we fail to establish our commercial manufacturing capacity after we launch our future approved product candidates in the market, or if our manufacture capacity fails to meet the market demand, our

business prospects could be materially and adversely affected", and "Business — Our Production Facilities and Processes" in this prospectus.

Regulatory Updates Related to Internet Information Security and Privacy Protection

On July 6, 2021, the General Office of the Communist Party of China Central Committee and the General Office of the State Council jointly issued the *Opinions on Strictly Cracking Down on 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》). It specifies the targets in upgrading the securities law-enforcement and judicial systems by 2022 and 2025. The targets include effectively curbing the frequent occurrence of major illegal and criminal cases and making notable advances in the transparency, standardization, and credibility in the securities law-enforcement and judicial system. The document also calls for improving investigation, inspection, and trial mechanisms in terms of law enforcement cracking down on illegal securities activities, strengthening cross-border oversight of law-enforcement and judicial cooperation, and stepping up efforts to build the credit system in the capital market.

On July 10, 2021, the Cyberspace Administration of China (the "**CAC**") 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)》), which stipulate that if an operator has collected personal information of over one million users and intends to be listed in a foreign country, it must be subject to the cybersecurity review. On November 14, 2021, the CAC, jointly with the relevant authorities, published the *Administrative Regulations on Internet Data Security (Draft for Comment)* (《網絡數據安全管理條例(徵求意見稿)》), which requires data processors who carry out certain activities to apply for a cybersecurity review in accordance with relevant regulations, and such activities include the proposed listing of the data processor in Hong Kong that affects or may affect national security.

As advised by our PRC Legal Adviser, we believe that the above-mentioned regulatory changes will not have a material adverse effect on our business operations. For details, see "Regulatory Overview — Regulations on Intellectual Property Rights — Information Security and Data Privacy" in this prospectus. For risks related to the above-mentioned regulatory changes, see "Risk Factors — Risks Relating to Our Operations — If we or our business partners fail to protect patient data and privacy, our reputation will be damaged and we might be subject to fines or other regulatory punishments" in this prospectus.

Our Directors confirm that, other than as stated above, there has been no material adverse change in our business, financial condition and results of operations since June 30, 2021, being the latest balance sheet date of our consolidated financial statements as set out in the Accountant's Report included in Appendix IA to this prospectus, and up to the date of this prospectus.

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

"Accountants' Report"	the accountants' report prepared by Ernst & Young, details of which are set out in Appendix IA to this prospectus
"Acquisition" or "Acquisition of AngioCare"	the acquisition by our Company of RMB4,000,000 registered capital in AngioCare (representing 65.69% equity interest in AngioCare) from Ms. Huina Hu, Ms. Jiaqi Hong and Shanghai Xinyou Investment Consulting L.P. (Limited Partnership), as part of the Reorganization
"affiliate(s)"	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AngioCare"	Shanghai AngioCare Medical Technology Co., Ltd.* 上海安通醫療科技有限公司, a subsidiary of our Company
"Application Lists"	the application lists for the Hong Kong Public Offering
"Articles" or "Articles of Association"	our articles of association, as conditionally adopted on December 10, 2020 and will come into effect upon Listing (as amended, supplemented or otherwise modified from time to time), a summary of which is set out in Appendix V to this prospectus
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of our Board
"Board" or "Board of Directors"	our board of Directors
"Board of Supervisors"	our board of Supervisors
"Business Day"	a day that is not a Saturday, Sunday or public holiday in Hong Kong
"CAGR"	compound annual growth rate
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or 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, which may be an individual, joint individuals or a corporation
"CCASS Operational Procedures"	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time in force
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"CDC"	the Centers for Disease Control and Prevention, a United States federal agency, under the Department of Health and Human Services
"China" or "the PRC"	the People's Republic of China excluding, for the purposes of this prospectus, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"CMDE"	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)

"Companies Ordinance"	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
"Company" or "our Company"	Shanghai Bio-heart Biological Technology Co., Ltd. (上海百心安生物技術股份有限公司), a joint stock company incorporated in the PRC with limited liability on December 8, 2020, or, where the context requires (as the case may be), its predecessor with the same English name (上海百心安生物技術有限公司), a limited liability company established in the PRC on July 18, 2014
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholder"	has the meaning ascribed to it under the Listing Rules and, unless the context requires otherwise, refers to Mr. Wang, for more details, please refer to the section headed "Relationship with our Controlling Shareholder" in this prospectus
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company or any one of them
"Domestic Share(s)"	ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi and are unlisted Shares which are currently not listed or traded in any stock exchange
"Domestic Shareholder(s)"	holder(s) of Domestic Share(s)
"EIT Law"	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
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research and consulting company

"Frost & Sullivan Report"	the industry report commissioned by us and independently prepared by Frost & Sullivan, summary of which is set forth in the section headed "Industry Overview" in this prospectus
"GDP"	Gross Domestic Product
"General Rules of CCASS"	General Rules of CCASS published by the Stock Exchange and as amended from time to time
"Global Offering"	the Hong Kong Public Offering and the International Offering
"**GREEN** application form(s)"	the application form(s) to be completed by the **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited
"Group", "our Group", "our", "we", or "us"	the Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"H Share Registrar"	Computershare Hong Kong Investor Services Limited
"H Share(s)"	overseas listed foreign invested ordinary share(s) in the ordinary share capital of our Company, with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and for which an application has been made for the granting of listing and permission to deal in on the Stock Exchange
"HKSCC"	the Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly owned subsidiary of the HKSCC
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Bio-heart"	Hong Kong Bio-heart Biological Technology Co., Limited (香港百心安生物技術有限公司), a company incorporated in Hong Kong on April 7, 2021, our wholly-owned subsidiary
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong

"Hong Kong Offer Shares"	the 2,394,000 H Shares initially being offered by us for subscription pursuant to the Hong Kong Public Offering, subject to reallocation as described in the section headed "Structure of the Global Offering"
"Hong Kong Public Offering"	the offer for subscription of the Hong Kong Offer Shares to the public in Hong Kong (subject to adjustment as described in the section headed "Structure of the Global Offering" in this prospectus) at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) on the terms and subject to the conditions described in this prospectus, as further described in paragraph headed "Structure of the Global Offering — The Hong Kong Public Offering" in this prospectus
"Hong Kong Stock Exchange" or "Stock Exchange" or "SEHK"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Hong Kong Underwriter"	the underwriter of the Hong Kong Public Offering as listed in the section headed "Underwriting"
"Hong Kong Underwriting Agreement"	the underwriting agreement dated December 10, 2021 relating to the Hong Kong Public Offering and entered into by the Company, the Controlling Shareholder and the Hong Kong Underwriter
"IFRS"	International Financial Reporting Standards
"IIT Law"	the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》)
"Independent Third Party" or "Independent Third Parties"	a person or entity who is not a connected person of the Company under the Listing Rules
"International Offer Shares"	the 21,543,000 H Shares initially being offered by us for subscription under the International Offering together, where relevant, with any additional Shares that may be allotted and issued pursuant to the exercise of the Over-allotment Option, and subject to reallocation as described in the section headed "Structure of the Global Offering"

"International Offering"	the conditional placing by the International Underwriter of the International Offer Shares at the Offer Price outside the United States in offshore transactions in reliance on Regulation S, and to persons within the United States who are QIBs in reliance on Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act, as further described in the section headed "Structure of the Global Offering" in this prospectus
"International Underwriter"	the underwriter of the International Offering listed in the International Underwriting Agreement
"International Underwriting Agreement"	the underwriting agreement relating to the International Offering and to be entered into on or around December 16, 2021 by, among others, the Company and the International Underwriter
"Latest Practicable Date"	December 5, 2021, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Listing"	listing of the H Shares on the Main Board of the Stock Exchange
"Listing Committee"	the listing committee of the Stock Exchange
"Listing Date"	the date, expected to be on or about Thursday, December 23, 2021, on which the H Shares will be listed and dealings in the H Shares first commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange

"Mandatory Provisions"	the "Mandatory Provisions for Articles of Association of Companies to be Listed Overseas" (到境外上市公司章程必備條款), as amended, supplemented or otherwise modified from time to time, for inclusion in the articles of association of companies incorporated in the PRC to be listed overseas (including Hong Kong), which were promulgated by the former Securities Commission of the State Council (國務院證券委員會) and the former State Commission for Restructuring the Economic Systems (國家經濟體制改革委員會) on August 27, 1994
"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Wang" or "Founder"	Mr. Philip Li Wang (汪立), our Founder, Controlling Shareholder, the chairman of our Board, our general manager and an executive Director of our Company
"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 Product Administration of the PRC (國家藥品監督管理局), successor to the China Food and Drug Administration or CFDA (國家食品藥品監督管理總局)
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)
"Offer Price"	the final price per Offer Share in Hong Kong dollars (exclusive of brokerage fee of 1%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005%) of not less than HK$21.25 and expected to be not more than HK$24.79, at which Hong Kong Offer Shares are to be subscribed, to be determined in the manner further described in the paragraphs headed "Structure of the Global Offering — Pricing of the Global Offering" and "Structure of the Global Offering — Allocation" in this prospectus
"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares, together with, where relevant, any additional H Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option

"Over-allotment Option"	the option to be granted by us to the International Underwriter exercisable by the Sole Global Coordinator under the International Underwriting Agreement, to require us to allot and issue up to 3,590,500 additional H Shares at the Offer Price, representing up to 15% of the total number of Offer Shares initially available under the Global Offering to cover over-allocations in the International Offering, if any, further details of which are described in the section headed "Structure of the Global Offering" in this prospectus
"PBOC"	People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Government"	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
"PRC Legal Adviser"	AllBright Law Offices
"Pre-IPO Investor(s)"	Suzhou Chenzhide Investment L.P. (Limited Partnership) (蘇州辰知德投資合夥企業(有限合夥)), Shanghai Zhangjiang Technology Venture Capital Co., Ltd. (上海張江科技創業投資有限公司), Qianhai Equity Investment Fund (Limited Partnership) (前海股權投資基金(有限合夥)), Suzhou Industrial Park Xinjianyuan Phase III Venture Capital L.P. (Limited Partnership) (蘇州工業園區新建元三期創業投資企業(有限合夥)), YuanBio Venture Capital L.P., Magic Grace Limited, LVC Revitalization Limited, CMV HK Limited, Zhongyuan Qianhai Equity Investment L.P. (Limited Partnership) (中原前海股權投資基金(有限合夥)), Beijing Cuiweikechuang Equity Investment Fund Center (Limited Partnership) (北京翠微科創股權投資基金中心(有限合夥)), TPG Asia VII SF Pte. Ltd., Worldwide Healthcare Trust Plc, OrbiMed New Horizons Master Fund, L.P. and OrbiMed Genesis Master Fund, L.P.
"Promoters"	the promoters of our Company, being Shareholders of our Company as of November 23, 2020
"Qualified Institutional Buyers" or "QIBs"	qualified institutional buyers within the meaning of Rule 144A under the U.S. Securities Act
"Regulation S"	Regulation S under the U.S. Securities Act
"Reorganization"	the reorganization of the business comprising our Group in preparation for the Global Offering, as described in the section headed "History, Development and Corporate Structure" in this prospectus

"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)
"SAIC"	the State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
"Securities and Futures Commission" or "SFC"	the Securities and Futures Commission of Hong Kong
"Securities Law"	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
"Shanghai Baihate"	Shanghai Baihate Enterprise Management Consulting L.P. (Limited Partnership) 上海百哈特企業管理諮詢合夥企業(有限合夥), a limited partnership established in the PRC on September 18, 2020, being one of our employee incentive platforms
"Shanghai Baixinantong"	Shanghai Baixinantong Enterprise Management Consulting L.P. (Limited Partnership) 上海百心安通企業管理諮詢合夥企業(有限合夥), a limited partnership established in the PRC on July 17, 2020, being one of our employee incentive platforms
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, comprising Domestic Shares, Unlisted Foreign Shares and H Shares
"Shareholder(s)"	holder(s) of the Share(s)
"Sole Bookrunner"	Huatai Financial Holdings (Hong Kong) Limited
"Sole Global Coordinator"	Huatai Financial Holdings (Hong Kong) Limited
"Sole Lead Manager"	Huatai Financial Holdings (Hong Kong) Limited

"Sole Sponsor"	Huatai Financial Holdings (Hong Kong) Limited
"Special Regulations"	the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定), promulgated by the State Council on August 4, 1994, as amended from time to time
"STA"	the State Taxation Administration of the PRC (中華人民共和國國家税務總局)
"Stabilizing Manager"	Huatai Financial Holdings (Hong Kong) Limited
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Subscription for Reorganization"	the subscription of RMB9,699,975 registered capital in our Company (representing 16.22% equity interest in our Company on a diluted basis after the Series C Financing and Series D Financing) by Shanghai Baixinantong and Mr. Wang, as part of the Reorganization
"subsidiary"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Supervisor(s)"	member(s) of our Board of Supervisors
"SZSE"	the Shenzhen Stock Exchange
"Takeovers Code"	the Code on Takeovers and Mergers and Share Buy-backs, as published by the SFC (as amended, supplemented or otherwise modified from time to time)
"Terumo"	Terumo (China) Investment Co., Ltd. (泰爾茂(中國)投資有限公司) , a limited liability company incorporated in the PRC on August 2, 2011 and is a wholly-owned subsidiary of Terumo Corporation (泰爾茂株式會社), a company listed on the Tokyo Stock Exchange (TSE: 4543). Terumo refers to Terumo (China) Investment Co., Ltd. (泰爾茂(中國)投資有限公司) or Terumo Corporation (泰爾茂株式會社), where the context requires
"Track Record Period"	the two years ended December 31, 2019 and 2020 and the six months ended June 30, 2021
"Underwriter"	the Hong Kong Underwriter and the International Underwriter

"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States" or "U.S."	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"Unlisted Foreign Shares"	ordinary shares issued by our company with a nominal value of RMB1.00 each and are held by foreign investors and are not listed on any stock exchange
"Unlisted Shares"	ordinary shares issued by our company with a nominal value of RMB1.00 each, comprising our Domestic Shares and Unlisted Foreign Shares
"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"**White Form eIPO**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website at **www.eipo.com.hk**
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited
"Winning Powerful"	Winning Powerful Limited, a limited company incorporated in Hong Kong and is wholly-owned by Mr. Wang

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

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

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

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

"3D printing"	also known as additive manufacturing, the construction of a three-dimensional object from a computer-aided design model or a digital 3D model
"all death"	all of the deaths that occur in a population, regardless of the cause, which is measured in clinical trials and used as an indicator of the safety or hazard of an intervention
"all MI"	all of the myocardial infarction cases that occur in a population, regardless of the cause, which is measured in clinical trials and used as an indicator of the safety or hazard of an intervention
"all revascularization"	all of the revascularization cases that occur in a population, regardless of the cause, which is measured in clinical trials and used as an indicator of the safety or hazard of an intervention
"AVC"	aortic valve calcification, a condition in which calcium deposits form on the aortic valve in the heart
"BMS"	bare metal stent, a mesh-like tube of thin wire made of bare metal (i.e., without a coating or covering, and without other advanced features such as bioresorbability) that is used in PCI procedures. After a narrowed artery is opened up in a PCI procedure, stents can be placed in the artery to keep it open and to prevent recoil, thereby reducing the chance of artery restenosis
"BRS"	bioresorbable scaffold, a scaffold used in PCI procedures. It can provide the necessary mechanical support immediately after the PCI procedure to keep the artery open for a period of time, and then gradually degrades in the human body (typically in 2-3 years after the procedure, at which time the artery is typically already healed and no longer need a stent to keep it open), thereby avoiding the risks associated with permanently leaving a foreign object in the vessel
"BTK intervention"	below-the-knee intervention, a procedure for the treatment of PAD with lesions located below the knees

"CABG"	coronary artery bypass grafting, an open-heart surgery in which an artery or vein taken from elsewhere in the body is stitched in place to reroute blood around the blocked artery
"CAC"	coronary artery calcification, a condition in which calcium deposits form within the walls of the arteries that supply oxygen-rich blood to the heart
"CAD"	coronary artery disease
"Class III hospital"	a top-level hospital in China. Among the hospital classes, Class III hospitals are the highest level, typically having more than 500 beds, providing high-level specialist medical and healthcare services to several regions and performing advanced teaching and research tasks
"CMO"	contract manufacturing organization, a company that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of manufacturing services outsourced on a contractual basis
"confirmatory clinical trial"	a controlled clinical trial of a medical device product designed to demonstrate statistically significant clinical efficacy and safety of such product as used in human patients (in conjunction with the performance of a therapeutic procedure), for regulatory approval of such product
"controlled hypertension"	hypertension cases which can be controlled relatively easily (i.e., patients' blood pressure can be maintained below the 140/90 mmHg treatment goal with lifestyle changes and/or mild use of medications)
"CRO"	contract research organization, a company that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contractual basis
"DBP"	diastolic blood pressure, the pressure in the arteries when the heart rests between beats. It is the lower number presented in blood pressure measures
"DES"	drug-eluting stent, a stent used in PCI procedures with anti-proliferation drug coated on its surface. The drug can inhibit smooth muscle cell proliferation and migration, thereby further reducing the chance of artery restenosis
"DMR"	a composite of all death, all MI and all revascularization

"F" or "Fr"	the abbreviation of French scale or French gage system, commonly used to measure the size of a catheter or a sheath. The diameter of a round catheter or sheath in millimeters can be determined by dividing the French size by 3
"feasibility clinical trial"	a clinical trial for a medical product designed to preliminarily demonstrate the safety of such product as used in human patients (in conjunction with the performance of a therapeutic procedure)
"GCP"	good clinical practice, an international ethical and scientific quality standard for the performance of a clinical trial on medicinal products involving humans
"hypertension"	also known as high blood pressure, is a long-term medical condition in which the blood pressure in the arteries is persistently elevated; as defined by the CDC, hypertension patients refers to patients having an average SBP of over 140 mmHg or an average DBP of over 90 mmHg, or currently using antihypertensive medications
"ICH-GCP"	International Conference on Harmonisation-Good Clinical Practice
"ID-TLR"	ischemia-driven target lesion revascularization
"IP"	intellectual property
"IVL"	intravascular lithotripsy, an innovative technology designed for the treatment of calcified lesions through pulse shock waves
"KOLs"	acronym for Key Opinion Leaders; refers to renowned physicians that influence their peers' medical practice
"LLL" or "late lumen loss"	the difference between the diameter of the treated artery immediately after the procedure, compared with the diameter of such artery at the follow-up time, which is measured as an indicator of the efficacy of revascularisation procedures
"MI"	myocardial infarction, commonly known as heart attack, occurring when blood flow to the heart abruptly decreases or stops, causing damage to the heart muscle
"mmHg"	millimeter of mercury, a unit of measure for pressure
"PAD"	peripheral artery disease, the narrowing or blockage of arteries outside the heart or brain

"PCI"	percutaneous coronary intervention, a non-surgical procedure to open a narrowed or blocked coronary artery and restore arterial blood flow to heart tissue
"PVC"	peripheral vascular calcification, a condition in which calcium deposits form within the walls of the peripheral vascular
"RCT"	randomized controlled clinical trial, a study in which people are allocated at random (by chance alone) to receive one of several clinical interventions. One of these interventions is the standard of comparison or control
"RDN"	renal denervation, a minimally invasive procedure to treat uncontrolled or resistant hypertension
"resistant hypertension"	blood pressure cannot be maintained below 140/90 mmHg despite optimal use of at least three antihypertensive medications of different types, including a diuretic
"revascularization"	the restoration of perfusion to a body part or organ that has suffered ischemia in medical and surgical therapy
"RF"	radio frequency
"SAT"	single-arm clinical trial, where a sample of individuals with the targeted medical condition is given the experimental therapy and then followed over time to observe their response
"SBP"	systolic blood pressure, the pressure exerted on blood vessels when the heart beats. It is the higher number presented in blood pressure measures
"SMO"	site management organization, an organization that provides clinical trial related services to medical device companies having adequate infrastructure and staff to meet the requirements of the clinical trial protocol
"sq.m."	square meter, a unit of area
"TFI"	transfemoral intervention
"TIMI"	thrombolysis in myocardial infarction, a therapy works by lysing infarct artery thrombi and achieving reperfusion, thereby reducing infarct size, preserving left ventricular function, and improving survival in the treatment of acute myocardial infarction

"TLF"	target lesion failure, the composite of clinically driven target lesion revascularization, MI or cardiac death related to the target vessel, which is measured in clinical trials and used as an indicator of the safety or hazard of an intervention
"TRI"	transradial interventional
"TV-MI"	myocardial infarction attributable to target vessel, a MI case with the evidence of myocardial necrosis in the vascular territory of previously treated target vessel, which is measured in clinical trials and used as an indicator of the safety or hazard of an intervention
"uncontrolled hypertension"	hypertension cases which are more severe than controlled hypertension, but less severe than resistant hypertension
"μm"	micrometer

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

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

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

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

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

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

An investment in our Shares involves significant risks. You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, as well as our financial statements and the related notes, and the "Financial Information" section, before deciding to invest in our Shares. Particularly, we are a biotechnology company seeking to list on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules. Our operations and the biotech industry involve certain risks and uncertainties, some of which are beyond our control and may cause you to lose all your investment in our Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations and growth prospects. In any such an event, the market price of our Shares could decline, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations.

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

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

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

RISKS RELATING TO OUR PRODUCTS AND PRODUCT CANDIDATES

Risks Relating to the Development of Our Product Candidates

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

Our business substantially depends on our ability to complete the development of our product candidates, obtain the relevant requisite regulatory approvals and successfully commercialize our approved products in a timely manner. We have devoted significant efforts and financial resources in the development of our product candidates. As of the Latest

Practicable Date, we had nine product candidates in various development stages. The successful development and commercialization of our product candidates will depend on several factors, including but not limited to:

- successful enrollment in, and completion of, clinical trials, as well as completion of pre-clinical studies;
- favorable safety and efficacy data from our clinical trials and other studies;
- receipt of regulatory approvals;
- establishing commercial manufacturing capabilities, either by building facilities ourselves or making arrangements with third-party contract manufacturers;
- the ability of our CROs and other third party contractors to conduct or assist in conducting our clinical trials safely and efficiently and in accordance with our specified trial protocols;
- the performance by any other third-party research organizations we may retain in a manner that complies with our protocols and applicable laws and that protects the integrity of the resulting data;
- obtaining and maintaining patent, trade secret and other intellectual property protection and regulatory exclusivity;
- ensuring we do not infringe, misappropriate or otherwise violate the patent, trade secret or other intellectual property rights of third parties;
- obtaining required marketing authorizations and launching commercial sales in China, Japan, Europe and other targeted markets, if and when approved;
- obtaining favorable governmental and private medical reimbursement for our products, if and when approved;
- appropriately pricing our product candidates and timely collecting payments;
- efficiently and cost-effectively building up our marketing platform and distribution channels;
- competition with other comparable products; and
- continued acceptable safety profile following regulatory approval.

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

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

According to a catalog issued by the NMPA medical devices are classified into three different categories, Class I, Class II and Class III, depending on the degree of risk associated with each medical device and the extent of control needed to ensure safety and effectiveness. All of our product candidates are classified as Class III medical devices. To obtain product registrations for medical devices of Class III in China, we need to conduct, at our own expense, adequate and well-controlled clinical trials to demonstrate the safety and efficacy of our product candidates (except for those exempted from clinical trial requirements in accordance with applicable laws and regulations).

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

Any delays in completing our clinical trials will increase our costs, slow down our product candidate development and approval process, and jeopardize our ability to commercialize our approved products and generate related revenues. Any of these occurrences may adversely affect our business, financial condition and prospects to a significant extent.

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

During the clinical trial process, failure can occur at any time. The results of pre-clinical studies and feasibility clinical trial of our product candidates may not be predictive of the results of confirmatory clinical trial. Product candidates in confirmatory clinical trials may fail to show the desired safety and efficacy traits despite having progressed through pre-clinical studies and/or feasibility clinical trials. Clinical trials or procedures may experience significant setbacks even after earlier trials have shown promising results. In some instances, there can be significant variability in safety and/or efficacy results between different trials of the same product candidate due to numerous factors, including changes in trial procedures set forth in protocols, differences in the physical conditions of the patient populations and the rate of dropout among clinical trial participants. Clinical trials of our product candidates may produce negative or inconclusive results. Even if our future clinical trial results show favorable efficacy, not all patients may benefit. Our product candidates may not suit the conditions of certain patients, and severe adverse events and complications may occur for some patients after the treatment procedure. If we decide or are required by regulators to conduct additional clinical trials or other testing of our product candidates beyond those that we currently contemplate or abandon our product development programs, or if we are unable to successfully complete clinical trials of our product candidates or other testing, or if the results of these trials or tests are not positive or are only modestly positive or if they raise safety concerns, we may (i) be subject to substantial liabilities, (ii) be delayed in or even prevented from obtaining regulatory approval for our product candidates, (iii) obtain approval for indications that are not as broad as intended, (iv) have the product removed from the market after obtaining regulatory approval, (v) be subject to additional post-marketing testing requirements, (vi) be subject to restrictions on how the product is distributed or used; or (vii) be unable to obtain reimbursement for use of the product. Any of such events could materially and adversely affect our ability to commercialize the subject products and generate revenue.

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

The timely completion of clinical trials in line with their protocols depends on, among other things, our ability to enroll a sufficient number of patients who remain in the trial until its conclusion. We may experience difficulties or delays in patient enrollment in our clinical trials for a variety of reasons, including the size and nature of the patient population, the patient eligibility criteria defined in the protocol, the accessibility of trial sites for the patients, our ability to recruit clinical trial site investigators with sufficient competence and relevant experience, and the patients' perceptions as to the potential advantages and side effects of the product candidates being studied in relation to other available products, product candidates or therapies. For example, we initiated the RCT for Iberis® 2nd in China in 2017 but had not yet completed the enrollment of trial subjects as of the Latest Practicable Date, primarily because the trial is sham-controlled, and many patients are reluctant to participate in the trial, where they have an approximately 50% chance of being randomized into the control group, where they will receive procedures (albeit minimally-invasive) with negative effects associated with radio frequent exposure, but without therapeutic value.

Other clinical trials for product candidates that are in the same therapeutic areas as our product candidates will likely compete with our trials, which will reduce the number and types of patients available to us, because some patients who might have opted to enroll in our trials may instead opt to enroll in a trial being conducted by one of our competitors. Because the number of qualified clinical investigators and clinical trial sites is limited, we expect to conduct some of our clinical trials at the same clinical trial sites that some of our competitors use, which will reduce the number of patients who are available for our clinical trials at such clinical trial sites. Even if we are able to enroll a sufficient number of patients in our clinical trials, delays in patient enrollment may result in increased costs or may affect the timing or outcome of the projected clinical trials. If we experience delays in the completion of, or even termination of, any clinical trial of our product candidates, our ability to obtain requisite regulatory approvals and then commercialize our products will be materially and adversely affected.

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

The markets for bioresorbable scaffolds and renal denervation systems are characterized by technological changes, frequent new product introductions, and evolving industry standards. Our products could become technologically obsolete or more susceptible to competition without timely introduction of new and improved technologies. Please refer to the paragraphs headed "Risks relating to Our Operations — We face substantial competition and rapid market changes, and our competitors may discover, develop or commercialize competing products before or more successfully than we do, or respond and adapt to the market changes more quickly and effectively." We expect the bioresorbable scaffold and renal denervation markets to evolve towards newer and more advanced products, some of which we do not currently produce. Our success therefore depends on our ability to accurately anticipate industry trends and continuously identify, develop and market new and advanced products in a timely manner that meet our customers' demand. Because product designs can change with market conditions and hospitals' and physicians' preferences, identifying and developing new products in a timely manner can be difficult. Our research and development efforts may not lead to new products that will be commercially successful. Even if we develop new or improved products, we may encounter delays in obtaining regulatory clearance, restrictions imposed on approved indications, entrenched patterns of clinical practice, uncertainty over third-party reimbursement, or other factors. In addition, it takes much time and efforts for the new product to gain acceptance after we launch it in the market. We may not be able to successfully market our new products or our end customers may not be receptive to our new products.

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

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

In order to maintain our competitiveness, we must keep pace with new technologies and methodologies. We must continue to invest significant amounts of human and capital resources to develop or acquire technologies that will allow us to enhance the scope and quality of our clinical trials. Although technical innovations often require substantial time and investment before we can determine their commercial viability, we intend to continuously enhance our technical capabilities in research and development. We cannot assure you that we will be capable to identify new technological opportunities, enhance or adapt to new technologies and methodologies, develop and bring new or enhanced products to market, obtain sufficient intellectual property protection for such new or enhanced products, obtain the necessary regulatory approvals in a timely and cost-effective manner, or achieve market acceptance if such products are launched. Any failure to do so could harm our business and prospects.

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

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

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

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

Risks Relating to the Commercialization of Our Product Candidates

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

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

Currently, only a limited number of hospitals and physicians are proficient in the use of some of our product candidates in the development stage, such as the RDN devices. In order to become proficient in the use of some of our product candidates, physicians should complete a learning process, which may take a longer time than we expected. If physicians are not properly trained, they may misuse or ineffectively use our product candidates, which may also result in unsatisfactory patient treatment outcomes, patient injury, negative publicity or lawsuits against us, any of which could in turn have a significant adverse effect on our reputation, business, financial condition, results of operations and prospects. Encouraging physicians to dedicate their time and energy necessary for adequate training is challenging. If we are unable to successfully leverage these efforts, our ability to sell our future approved products through our cooperation with physicians and hospitals may be adversely affected. Furthermore, we also rely on trained physicians to advocate the benefits of our products in the marketplace following their completion of training. If we are not able to enhance our product awareness and receive recognition from these physicians, other physicians and hospitals may not be inclined to use our products, and our results of operations may be adversely affected.

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

The commercial success of our product candidates depends upon the degree of market acceptance they can achieve, particularly among hospitals and physicians. For example, as a novel treatment method, renal denervation procedure may fail to receive broad acceptance from patients or physicians as anticipated. We would need to spend significant efforts to educate the market, to convince patients of the benefits of the RDN therapy, and to train the physicians to properly use the RDN devices. We cannot guarantee that our efforts in this regard would be successful.

If any of our future approved products fail to gain sufficient market acceptance by physicians, patients, third-party payors or others in the industry, the sales of our products will be adversely affected, and we may fail to effectively market our product candidates upon commercialization. For example, currently commercialized bioresorbable scaffold medical devices, such as the NeoVas and Xinsorb developed by some of our competitors are already in the market for a while, and physicians may continue to rely on these devices. In addition,

physicians, patients and third-party payors may prefer other novel products to ours. If our product candidates do not achieve an adequate level of acceptance, we may not be able to generate significant product sales revenues and to achieve profitability. The degree of market acceptance of our product candidates, if approved for commercial sale, will depend on a number of factors, including:

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

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

BRS and RDN are novel therapies with limited long-term safety and efficacy data, and a number of factors may negatively affect the market acceptance of BRS and RDN products.

Both BRS and RDN are novel therapies, and as of the Latest Practicable Date, there was only very limited long-term safety and efficacy data collected for BRS and RDN products. It is possible that long term studies in the future may identify side effects of our BRS or RDN products, or BRS or RDN products in general. If that is the case, the market acceptance of our products may be materially and negatively affected.

In addition, because BRS and RDN are novel therapies, many people still have doubts about the safety and efficacy of BRS or RDN products, and the market sentiment towards such products had experienced rises and falls. For example, when Medtronic announced in 2014 that the results of the clinical trial for Symplicity™ HTN-3 failed to demonstrate significant difference in blood pressure reduction between the study group and the control group, it invited a lot of questions and doubts about the efficacy of the RDN therapy; the market sentiment towards RDN products became neutral, or even negative, at the time, and the commercialization of the RDN products developed by many other medical device companies, including us, was negatively affected. Currently, many leading medical device companies are conducting additional clinical trials for their respective BRS and RDN products and/or product candidates. If any of such clinical trials failed to demonstrate satisfactory clinical results, it is possible that physicians, patients and/or regulators would not only have doubts about the particular product that failed in its clinical trials, but would also question the safety and efficacy of the BRS or RDN therapy in general. If that is the case, the market acceptance of our products may be materially and negatively affected, which would in turn materially and negatively affect our business, financial condition and results of operations.

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

We have relatively limited experience in launching and commercializing our product candidates. As of the Latest Practicable Date, we have no employees dedicated to sales and marketing. For BRS, we had no product approved for commercialization. For RDN, we only have limited commercialization experience for Iberis® in overseas markets through collaboration with Terumo. Please refer to the paragraphs headed "Business — Sales, Distribution and Marketing — Strategic Alliance with Terumo" in this prospectus for details. We have limited experience in building a commercial team, conducting a comprehensive market analysis, or managing distributors and sales force for our product candidates. As a result, our ability to successfully market our future approved product candidates may involve more inherent risks, take longer and cost more than it would if we were a company with sufficient experience launching such products and product candidates.

The success of our sales and marketing efforts also depends on our ability to attract, motivate and retain qualified and professional sales and marketing team who have, among other things, sufficient expertise in the PCI and renal denervation procedures and are able to communicate effectively with medical professionals. We have to compete with other medical device and pharmaceutical companies to recruit, hire, train and retain marketing and sales personnel. If we are unable to, or decide not to, further develop in-house sales, marketing and commercial distribution capabilities for any or all of our products, we will likely pursue collaborative arrangements regarding the sales and marketing of our products. However, there can be no assurance that we will be able to establish or maintain such collaborative arrangements, or if we are able to do so, that they will have effective sales forces. Any revenue we receive will depend upon the efforts of such third parties. We would have limited control over the marketing and sales efforts of such third parties, and our revenue from product sales may be lower than if we had commercialized our products ourselves. We also face competition in our search for third parties to assist us with the sales and marketing efforts for our products. We cannot assure you that we will be able to develop and successfully maintain our in-house sales and commercial distribution capabilities or establish or maintain relationships with physicians, hospitals and other third parties to successfully commercialize our products. As a result, our revenue and profitability could be materially and adversely affected.

Even if we are able to commercialize any product candidates, the pricing of such products may be subject to downward changes which may have a material adverse effect on our business and results of operations.

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

- If the PRC government issues pricing guidance for our product candidates (upon commercialization), it may negatively affect the price at which we can sell our products and therefore have a material adverse effect on our business and results of operations. We may also face downward pricing pressure if our products are included in the medical insurance reimbursement list, even if such inclusion in the medical insurance reimbursement list is expected to increase the sales volume of our products.

- The Chinese government has implemented a number of policies to gradually increase the affordability of medical devices, including combining a list of high-value medical consumables, requiring public hospitals to have zero margin for high-value medical consumables, and establishing provincial-level platforms for procurement. In particular, in order to improve the pricing mechanism and reduce the falsely high prices of high-value medical consumables, the General Office of the State Council issued the Reform Plan for Governance of High-value Medical Consumables (the "**Reform Plan**") on July 19, 2019, exploring the classified and centralized procurement of high-value medical consumables. On November 5, 2020, Tianjin Medical Purchasing Center implemented the first national-level centralized procurement of high-value medical devices in China. Following the bidding process, ten DES products were selected, with an average price reduction of approximately 94.6% as compared to the public tender price for such products before the implementation of the centralized procurement policies. For details, please refer to the paragraphs headed "Industry Overview — The Percutaneous Coronary Interventional Medical Device Market — Centralized Procurement of High-value Medical Devices" in this prospectus. The centralized procurement policy is only applicable to DES products, and will not directly affect the pricing of our BRS product. The significant drop in the price of DES products will reduce the economic burden of a large number of patients, especially for those with relatively low income, allowing more patients to receive PCI treatment; however, for patients with sufficient purchase power, the price itself would not be a key factor in determining which device to use when they undergo life-saving procedures such as PCI, and responsible physicians will still have incentives to recommend more advanced products such as BRS to their patients. Therefore, it is currently expected that the lower price of DES products would not significantly affect patients' willingness to use BRS products, according to Frost & Sullivan. However, there is no guarantee that such expectation will remain accurate. If patients' willingness to use BRS products is materially and adversely affected, we might be forced to change our pricing strategy, and our business and financial performance would be

materially and adversely affected. Furthermore, if the competent government authorities issue any additional pricing guidance or exercise any other control measures on the tendering process of any of our products, either at the national or provincial level, our profitability and results of operations may be affected.

- Hospitals may gain more bargaining power depending on the availability of alternative products, demands of patients and the preferences of physicians. If certain hospitals seek to lower retail prices of our product candidates (upon commercialization), our future profitability may be adversely affected.

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

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

Even if we are able to commercialize any product candidates, our sales may be affected by the level of medical insurance reimbursement patients receive for PCI and/or renal denervation procedures using our products.

The availability of governmental and private health insurance in China for treatments using our products will influence our ability to sell our products. China has a complex medical insurance system that is currently undergoing reform. The governmental insurance coverage or reimbursement level in China for new procedures such as renal denervation procedures and the medical devices used in such procedures is subject to significant uncertainty and varies from region to region, as local government approvals for such coverage must be obtained in each geographic region. In addition, the PRC government may change, reduce or eliminate the governmental insurance coverage then available for treatments using our products. Please refer to the paragraphs headed "Regulatory Overview — Regulations on Employment and Social Security — National Medical Insurance Program" in this prospectus for more details. We cannot assure you that our product candidates (upon commercialization) will be included in the medical insurance reimbursement list at all times, if at all. To the extent that our products are not included in the medical insurance reimbursement list or if any such insurance schemes are changed or canceled which result in any removal of our products from medical insurance catalog, patients may choose, and hospitals may recommend alternative treatment methods, which would reduce demand for our products, and our sales may be adversely impacted or not able to achieve our expected levels, which may lead to a material and adverse effect on our business, results of operations and financial condition.

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

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

Risks Relating to Extensive Government Regulations

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

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

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

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

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

In addition, changes in regulatory requirements and guidance may also occur, and we may need to amend clinical trial protocols submitted to applicable regulatory authorities to reflect these changes, which may impact the costs, timing or successful completion of a clinical trial. The foreign regulatory approval process may include all of the risks associated with obtaining NMPA approval. We cannot assure you that we will be able to meet regulatory requirements of different jurisdictions or that our products will be approved for sale in those jurisdictions. Any failure to obtain, or delay in obtaining, regulatory approvals or clearances or to renew registrations for our products could prevent us from successfully marketing our products in the international markets. Furthermore, if we are unable to obtain regulatory approval for our product candidates in one or more jurisdictions, or any approval contains significant limitations, our target market will be reduced and our ability to realize the full market potential of our product candidates will be harmed.

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

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

Undesirable adverse events related to our products and product candidates could subject us to regulatory disciplines and other liabilities.

Some of our product candidates are still considered as emerging and relatively novel therapeutics, such as our principal product candidate Iberis® 2nd. Undesirable side effects caused by our approved products or product candidates could (i) cause us or regulatory authorities to interrupt, delay or halt clinical trials; (ii) affect patient recruitment or the ability of enrolled patients to complete the trial; (iii) adversely impact our ability to obtain regulatory approval in China and other jurisdictions including result in a more restrictive label on our product candidates, and/or (iv) subject us to substantial damages and liabilities.

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

- the relevant products may be recalled, withdrawn or seized;
- regulatory authorities may withdraw or limit their approval of our product candidates;
- we may be required to change the way our products are distributed or administered, conduct additional clinical trials, change the labeling or add additional warnings on the labeling of such products;
- we may be required to develop risk evaluation and mitigation measures for the products, or if risk evaluation and mitigation measures are already in place, to incorporate additional requirements under the risk evaluation and mitigation measures;

- we may be subject to regulatory investigations and government enforcement actions;

- we may be required to suspend marketing or remove relevant products from the marketplace;

- a severe decrease in the demand for, and sales of, the relevant products;

- we could be sued and held liable for injury caused to individuals using our products; and

- our reputation, business and prospects may suffer.

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

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

Our products will be subject to ongoing or additional regulatory requirements with respect to manufacturing, labeling, packaging, storage, advertising, promotion, sampling, record-keeping, conduct of post-market studies, submission of safety, efficacy, and other post-market information, and other requirements of regulatory authorities in China, Japan, the EU and other applicable jurisdictions where the product candidates 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 authorities.

Any approvals that we receive for our product candidates may be subject to other conditions which may require potentially costly post-marketing testing and surveillance to monitor the safety and efficacy of our product candidates. Such limitations and conditions could adversely affect the commercial potential of our products.

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

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

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

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

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

- injunctions or the imposition of civil, administrative or criminal penalties.

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

Changes in regulatory requirements may adversely affect our business.

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

Legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for medical devices. We cannot be sure whether additional legislative changes will be enacted, or whether NMPA regulations, guidance or interpretations will be changed, or what the impact of such changes on the regulatory approvals of our product candidates, if any, may be. For example, on June 25, 2018, a revised draft amendment to the Regulations on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例修正案(草案送審稿)》) (the "**Draft Amendment to Medical Device Regulations**") was published by the Ministry of Justice for public comments. As a medical device company, if the Draft Amendment to Medical Device Regulations is passed, the requirements of clinical trial, sales and regulation would be changed. The impact of these more specific requirements and whether it will adversely affect the registration of our product candidates with NMPA is yet to be observed. Further, on July

19, 2019, the General Office of the State Council issued the Notice on Printing and Distributing the Reform Plan for the Governance of High-value Medical Consumables (《關於印發〈治理高值醫用耗材改革方案〉的通知》), which encourages local governments to adopt the "Two Invoice System" on a case-by-case basis in order to reduce the circulation of high-value medical consumables and promote the transparency of purchase and sales. Please refer to the paragraphs headed "Regulatory Overview — Laws and Regulations Relating to Medical Devices — Laws and Regulations Relating to Medical Devices Operation — Two-invoice System" in this prospectus for more details.

Risks Relating to Manufacture and Supply of Our Product Candidates

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

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

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

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

We mainly rely on our production facilities in Shanghai for the production of our product candidates; any disruptions to the operation of our production facilities could materially adversely affect our business and results of operations.

Currently our in-house production is limited to producing, assembling and testing sample products under development for the purpose of pre-clinical studies, clinical trials and product registration. All of our production facilities are located on our leased properties at the Zhangjiang Hi-Tech Park in the Pudong district of Shanghai, China. Please refer to the paragraphs headed "Business — Our Production Facilities and Processes" in this prospectus

for more details. The operation of our production facilities may be substantially interrupted due to a number of factors, many of which are outside of our control, including but not limited to fires, floods, earthquakes, power outages, fuel shortages, health epidemic, mechanical breakdowns, termination of lease contracts by lessor, loss of licenses, certifications and permits, changes in governmental planning for the land underlying these facilities, and regulatory changes.

If the operation of our production facilities is substantially disrupted, we may not be able to replace the equipment at such facilities, or use a different facility to continue production in a timely and cost-effective manner. As a result, we may fail to complete the clinical trials for our product candidates in line with our expected timeline, and our business and operation results could be materially adversely affected.

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

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

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

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

Currently our in-house production is limited to producing, assembling and testing sample products under development for the purpose of pre-clinical studies, clinical trials and product registration. With the potential launches of our product candidates in the near future and further product launches expected from our pipeline, we intend to primarily utilize our in-house manufacturing capabilities to secure supply of our products at their early stage of commercialization. If our in-house manufacturing capabilities are not sufficient to secure product supply as business need arises in the future, we may consider to adopt a hybrid manufacturing model that employs CMO outsourcing. The manufacturing of medical devices is subject to various regulations and requirements, which are complex and constantly evolving. On November 15, 2021, the NMPA published the *Guidelines for the Preparation of Quality Agreement for Commissioned Production of Medical Devices (Draft for Comment)* (《醫療器械委託生產質量協議編製指南(徵求意見稿)》) (the "**Draft Guideline**"), which primarily proposed a number of more stringent requirements (as compared to the existing regulatory regime under the *Regulations on the Supervision and Administration of Medical Devices (2021 Revision)* (《醫療器械監督管理條例(2021修訂)》) in relation to engaging external subcontractors for the manufacturing of medical devices. For example, when a medical device registrant or filer commissions an enterprise with the corresponding conditions to manufacture medical devices, it shall sign a "quality agreement for commissioned production of medical devices" with the commissioned manufacturer to clarify the rights, obligations and responsibilities to be assumed in the whole process of production. Parties applying the Draft Guideline shall choose to apply all or part of the Draft Guideline for the formulation of quality agreements through consultation, in light of the actual situation of commissioned production. If the Draft Guideline comes into effect in substantially the same form as currently proposed, or if the regulators promulgate any similar laws and regulations in the future, it might be more difficult, or costly, for us to increase the manufacturing capacity of our products by engaging external subcontractors. In addition, companies manufacturing medical devices in China are required to obtain permits and licenses issued by various government authorities, including but not limited to the medical device production permit (醫療器械生產許可證) and the medical device operation permit (醫療器械經營許可證) if such manufacturing companies store and sell medical devices in places other than their domiciles and the places of production of medical devices. Such permits, licenses and certificates are subject to periodic reviews and renewals by the relevant government authorities, and the standards of such reviews and renewals may change from time to time. There can be no assurance that the relevant authorities will approve our applications or our subcontractors' applications in the future. Any failure by us and our subcontractors to obtain, maintain or renew the necessary permits, licenses and certificates could disrupt our business, which in turn may have a material adverse effect on our business and operating results.

Other than the risks associated with compliance to the laws and regulations related to commissioned production of medical devices, and application of requisite licenses and permits, we could also face other risks in implementing our commercial manufacturing plan, including construction delays, failure to adopt new manufacturing techniques, implement effective quality control, recruit a sufficient number of qualified staff to support the increase in production capacity, or engage qualified subcontractors with sufficient manufacturing capacity in a cost-effective manner and on terms acceptable to us. Given the complexity of our

product candidates, competition for qualified manufacturing staff is intense. New manufacturing staff are generally required to undergo months of training before they can commence work on our production lines. In addition, in the event of any significant increase in market demand, we may not be able to find sufficient external subcontractors to help produce our products, and even if we could engage third parties to produce a portion of our products, we would be exposed to the risks that the third parties may not manufacture products meeting our specifications or in sufficient volumes to meet market demand. Therefore, we cannot assure you that we will be able to establish or increase our commercial manufacturing capacity, develop advanced manufacturing techniques, process controls in the manner we contemplate, recruit a sufficient number of qualified manufacturing staff, or engage qualified subcontractors with sufficient production capacity, or at all. In the event of any aforementioned failure, we may not be able to capture the expected growth in demand for our products, which could materially and adversely affect our business prospects. Moreover, our plans to establish and increase our commercial manufacturing capacity require significant capital investment, and the actual costs of our commercial manufacturing plan may exceed our original estimates, which could materially and adversely affect the realization of expected return on our expenditures.

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

We rely on a limited number of third-party suppliers to supply key raw materials used in the research, development and manufacturing of our product candidates for reasons of quality assurance, cost effectiveness, availability, or constraints resulting from regulatory requirements. We cannot assure you that we will be able to secure a stable supply of qualified raw materials at all times going forward, despite that we believe we have built up stable relationships with our existing suppliers. The number of suppliers for our principal raw materials is limited due to the strict quality requirements. Particularly, we purchased polymer poly scaffolds, one of the principal raw materials of our BRS product candidates, mainly from two suppliers in overseas during the Track Record Period. Such suppliers are subject to various regulations and are required to obtain and maintain various qualifications, government licenses and approvals. We cannot assure you that we will be able to identify an alternative qualified supplier in a timely manner or at all, in the event any of our existing suppliers terminate their contracts with us or are no longer qualified. Further, the custom clearance procedures for importing raw materials including polymer poly scaffolds could be lengthy and thus could adversely affect the timely supply of such raw materials. If we encounter lengthy custom clearance procedures to import certain of our raw materials, we may experience delays in the supply of our raw materials and interruption in our product candidates development process.

A substantial number of our suppliers are located outside China, therefore trade or regulatory embargoes imposed by foreign countries or China could result in delays or shortages of our raw materials. If we are forced to purchase raw materials from domestic suppliers whose prices are higher than those offered by foreign suppliers, our costs will increase and our business could be harmed. Furthermore, general economic conditions could also adversely affect the financial viability of our suppliers, resulting in their inability to provide materials and components used in the manufacture of our products. In addition, due to the rigorous regulations and requirements of the NMPA and/or foreign regulatory authorities regarding the manufacture of our products (including the need for approval of any change in

supply arrangements), we may have difficulty establishing additional or replacement sources in a timely manner or at all if the need arises. Any change in suppliers could require significant effort or investment in circumstances where the items supplied are integral to product performance or incorporate unique technology, and the loss of existing supply contracts could have a material adverse effect on us.

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

Our production processes require substantial amounts of raw materials and components. Some raw materials and components may be susceptible to fluctuations in price and availability. Significant fluctuations in raw material and component prices and availability will have a direct and negative impact on our financial position. For our BRS product candidates, we primarily use raw materials including polymer poly scaffolds, radiopaque markers and drug coating. For our RDN product candidate, we primarily use raw materials including platinum electrodes, nickel-titanium tubes, inner tubes, outer tubes and guide wires. We procure such raw materials from third-party suppliers. During the Track Record Period, our principal raw materials were generally available and sufficient for our demands, and the price of our principal raw materials from our suppliers was generally stable. However, we cannot assure you that such situation will continue in the future. The prices of our principal raw materials or other raw materials may be affected by a number of factors, including market supply and demand, the PRC or international environmental and regulatory requirements, natural disasters such as fires, outbreak of epidemics or diseases such as COVID-19 and the PRC and global economic conditions. A significant increase in the costs of raw materials may increase our costs and negatively affect our financial position and, more generally, our business, financial conditions, results of operation and prospects.

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

To manage our development progress appropriately and operate our business successfully, we need to manage our inventory for our product candidates effectively to ensure immediate delivery for clinical trial use when required. Our inventory consists of raw materials, work in progress and finished goods. We regularly monitor our inventory to reduce the risk of overstocking and damages. We physically check and count all of our raw materials, work in progress and finished goods every six months to identify products that are damaged, expired to soon-to-be expired. In particular, as our product candidates are highly exacting and complex medical devices, the inventories of our product candidates are exposed to risks associated with damages from outside environment such as accidental drop and squeeze and temperature fluctuations. Although we have adopted an inventory control system to regularly check and record the relevant statistics of our inventory of product candidates such as storage temperature, we cannot assure you that such inventory will not be damaged or impaired, as our storage may encounter unforeseeable events including fires, floods, earthquakes, power outages, fuel shortages, mechanical breakdowns and other man-made or natural calamities. If our inventory of product candidates are damaged or impaired, our progress of clinical trials may be delayed, which in turn will have an adverse effect on our business and results of operation.

Risks Relating to Our Intellectual Property Rights

Third parties may initiate legal proceedings alleging that we are infringing, misappropriating or otherwise violating their intellectual property rights, and the outcome of such legal proceedings would be uncertain. Such proceedings could be costly and time consuming to defend, and could prevent us from developing or commercializing our product candidates, or delay the development or commercialization process.

Our commercial success depends in part on our ability to avoid infringing, misappropriating, or otherwise violating patent and other intellectual property rights of third parties. In order to minimize the risk of infringing the intellectual property rights of others, prior to developing major new products, we evaluate existing intellectual property rights held by other major medical device companies. However, our efforts to identify, and avoid infringing on, third parties' intellectual property rights may not always be successful. There may be third-party patents or patent applications which we are currently unaware of, and given the dynamic nature of the industry in which we operate, it is expected that more and more patents will be issued in China that relate to aspects of our business. As the medical device industry in China further expands and more patents are issued, the risk that our products may give rise to intellectual right disputes further increases.

Companies operating in our industry routinely seek patent protection for their product designs, and many of our competitors have large patent portfolios. For example, we are aware of certain patents granted in China, the United States, the European Union and/or Japan to our competitors manufacturing RDN products. Some of such patents have very broad claims, so it might be alleged that certain features of our RDN product candidate fall within the claims of such patents owned by third parties. Therefore, third parties may initiate legal proceedings alleging that we are infringing, misappropriating or otherwise violating their intellectual property rights. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we were not involved in any legal, arbitral or administrative proceedings which allege that we were infringing, misappropriating or otherwise violating any intellectual property right of any third party. As advised by our PRC intellectual property legal adviser, the risk that we are found by courts or other competent authorities in China to have infringed on the patent rights of such third parties is remote, and the validity and enforceability of some of the above-mentioned third-party patents might be questionable, because the scope of the patent claims are too broad and may lack novelty or inventiveness. However, whether a product infringes a patent involves an analysis of complex legal and factual issues, the determination of which is often uncertain, and the burden of proof required to successfully challenge a third-party patent may be high. As such, if we were involved in any such proceedings, we cannot assure you that the outcome would be in our favor. Defending ourselves against intellectual right infringement allegations, regardless of their merit, would be expensive and time consuming, and would be a substantial diversion of our resources and our management team's attention.

If we were found by courts or other competent authorities to have infringed on the patent or other intellectual property rights of third parties, we may be subject to injunctive or other equitable relief, which could prevent us from developing and commercializing our product candidates, or at least delay the development or commercialization process, and we may have to pay substantial damages and/or other payments to the infringed parties. Alternatively, we may have to enter into royalty or licensing agreements with third parties in order to obtain the

right to use their intellectual property, which agreements may not be available on terms acceptable to us, or at all. If we were unable to obtain such a license on reasonably acceptable terms, we might not be able to further develop and commercialize our product candidates, which could harm our business significantly. Even if we were able to obtain a license, it could be non-exclusive, thereby giving our competitors and other third parties access to the same technologies licensed to us. We may also have to redesign the relevant products, which, even if feasible, would require us to spend substantial time, costs and other resources.

Even if the litigations or other proceedings are resolved in our favor, our involvement in such proceedings may attract publicity, which may be perceived by securities analysts and/or investors to be negative news, thereby having a substantial adverse effect on our reputation, brand name, and the market price of our Shares.

Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

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

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

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

Furthermore, the PRC has adopted the "first-to-file" system since the promulgation of the Patent Law in 1984, under which whoever first files a patent application will be awarded the patent if all other patentability requirements are met. The U.S. has also switched its patent system to the "first-to-file" system for patent applications filed on or after March 16, 2013 through its Leahy-Smith America Invents Act. Under the first-to-file system, even after reasonable investigation we may be unable to determine with certainty whether any of our product candidates, processes, technologies, inventions, improvement and other related matters have infringed upon the intellectual property rights of others, because such third party may have filed a patent application without our knowledge while we are still developing that product, and the term of patent protection starts from the date the patent was filed, instead of the date it was issued. Therefore, the validity of issued patents, patentability of pending patent applications and applicability of any of them to our programs may be lower in priority than third-party patents issued on a later date if the application for such patents was filed prior to ours and the technologies underlying such patents are the same or substantially similar to ours. In addition, we may be involved in claims and disputes of intellectual property infringement in other jurisdictions (for example, in the United States). In addition, under PRC patent law, any organization or individual that applies for a patent in a foreign country for an invention or utility model accomplished in China is required to report to the CNIPA, for confidentiality examination. Otherwise, if an application is later filed in China, the patent right will not be granted.

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

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

commercializing similar or identical technology and products, or limit the duration of the patent protection of our technology, products and product candidates. Such proceedings also may result in substantial costs and require significant time from our scientists, experts and management, even if the eventual outcome is favorable to us. Consequently, we do not know whether any of our technologies, products or product candidates will be protectable or remain protected by valid and enforceable patents. Our competitors or other third parties may be able to circumvent our patents by developing similar or alternative technologies or products in a non-infringing manner.

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

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

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

We currently hold issued trademark registrations and have trademark applications pending, any of which may be the subject of a governmental or third-party objection, which could prevent the registration or maintenance of the same. If we are unsuccessful in obtaining trademark protection for our primary brands, we may be required to change our brand names, which could materially adversely affect our business. Moreover, as our products mature, our reliance on our trademarks to differentiate us from our competitors will increase, and as a result, if we are unable to prevent third parties from adopting, registering or using trademarks and trade dress that infringe, dilute or otherwise violate our trademark rights, or engaging in conduct that constitutes unfair competition, defamation or other violation of our rights, our business could be materially adversely affected.

Our trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names, which we need to build name recognition among potential partners or customers in our markets of interest. At times, competitors or other third parties may adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively and our business may be adversely affected. Our efforts to enforce or protect our proprietary rights related to trademarks, trade secrets, domain names, copyrights or other intellectual property may be ineffective and could result in substantial costs and diversion of resources and could adversely affect our business, financial condition, results of operations and prospects.

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

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

Our success depends, in part, on our ability to protect our proprietary technologies. As of the Latest Practicable Date, we owned 67 registered patents and 28 pending patent applications. Please refer to the paragraphs headed "Business — Intellectual Property Rights" in this prospectus for more details. Due to the different regulatory bodies and varying requirements in these jurisdictions, we cannot assure you that we will be able to obtain patent protection for all or any aspects of our product candidates in all or any of these jurisdictions. The process of seeking patent protection can be lengthy and expensive, and we cannot assure you that our patent applications will result in patents being issued, or that our existing or future issued patents will be sufficient to provide us with meaningful protection or commercial advantage. Since many of our current or potential competitors have substantial resources and have made substantial investments in competing technologies, we cannot assure you that they do not have, and will not obtain, patents that will prevent, limit or interfere with our ability to make, use or sell our products in either China or abroad. In addition, if we are unsuccessful in obtaining trademark protection for our primary brands, we may be required to change our brand names, which could materially adversely affect our business. Moreover, as our products mature, our reliance on our trademarks to differentiate us from our competitors will increase, and as a result, if we are unable to prevent third parties from adopting,

registering or using trademarks and trade dress that infringe, dilute or otherwise violate our trademark rights, our business could be materially adversely affected.

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

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

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

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

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

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

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

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

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

In addition to our issued patent and pending patent applications, we rely on trade secrets, including unpatented know-how, technology and other proprietary information, to maintain our competitive position and to protect our product candidates. We seek to protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements or include such undertakings in the agreement with parties that have access to them, such as our employees, corporate collaborators, outside scientific collaborators, contract manufacturers, consultants, advisers and other third parties. We also enter into employment agreements or consulting agreements with our employees and consultants that include undertakings regarding assignment of inventions and discoveries. However, non-disclosure agreements with employees, consultants, contractors and other parties may not adequately prevent disclosures of our trade secrets and other proprietary information. Any of these parties may breach such agreements and disclose our proprietary information, and we may not be able to obtain adequate remedies for such breaches. Enforcing a claim that a party illegally disclosed

or misappropriated a trade secret can be difficult, expensive and time-consuming, and the outcome is unpredictable. If any of our trade secrets were lawfully obtained or independently developed by a competitor, we would have no right to prevent them from using that technology or information to compete with us and our competitive position would be harmed.

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

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

RISKS RELATING TO OUR FINANCIAL POSITION AND NEED FOR ADDITIONAL CAPITAL

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

We are a development-stage biotechnology company. Investment in medical device development is highly speculative because it entails substantial upfront capital expenditures and significant risks that a product candidate may fail to complete clinical trials, gain regulatory approval or become commercially viable. As a result, you may lose substantially all of your investments in our Company given the nature of the biotechnology industry. We have incurred significant expenses related to the research and development of our product candidates in the past. In 2019, 2020, and the six months ended June 30, 2020 and 2021, our research and development expenses amounted to RMB21.5 million, RMB245.7 million, RMB12.1 million and RMB120.5 million, respectively (and such research and development expenses did not include AngioCare's research and development expenses in 2019 and for the period from January 1, 2020 to September 21, 2020). In addition to our significant research and development expenses, we also incurred costs in connection with administrative expenses associated with our operations. As a result, we have incurred operating losses amounted to

RMB23.7 million, RMB340.3 million, RMB13.6 million and RMB227.5 million in 2019, 2020, and the six months ended June 30, 2020 and 2021, respectively.

We expect to continue to incur operating losses in the foreseeable future, and such operating losses may even increase as we continue to conduct pre-clinical and clinical trials for our product candidates, seek regulatory approvals for our product candidates, manufacture our product candidates for clinical trials and for commercial sale, commercialize our approved products, attract and retain qualified personnel, maintain, protect and expand our intellectual property portfolio, and comply with laws, regulations and rules applicable to our biotechnology business and our status as a public company in Hong Kong, among others. The size of our future net operating losses will depend, in part, on the number, scope and complexity of our product development programs and the associated costs of those programs, the cost of commercializing any approved products, our ability to generate revenues and the timing and amount of milestones and other payments we make or receive with arrangements with third parties.

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

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

Our product candidates will require completion of clinical development, regulatory review and significant marketing efforts which require substantial investment before we can commercialize them and generate revenue. Since our inception, we have invested a significant portion of our financial resources in the development of our product candidates. We had net cash flows used in our operating activities of RMB21.4 million, RMB48.5 million, RMB9.2 million and RMB38.3 million in 2019, 2020, and the six months ended June 30, 2020 and 2021, respectively. Whether we can generate profit from our operating activities largely depends on the successful commercialization of our product candidates, and we cannot assure you that we will be able to generate positive cash flows in the future. If we continue to have

negative operating cash flows in the future, our liquidity and financial condition may be materially and adversely affected.

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

- the progress, timing, scope, costs and outcome of our clinical trials, including the ability to timely enroll patients in our planned and potential future clinical trials and the completion of clinical trials;
- the outcome, timing and cost of regulatory approvals of our product candidates;
- the cost of filing, prosecuting, defending and enforcing any patent claims, trade secret and other intellectual property rights;
- the cost and timing of development and completion of commercial-scale manufacturing activities;
- selling and marketing costs associated with our existing or future product candidates, including the cost and timing of building up and expanding our sales and marketing team;
- cash requirements of any future acquisitions and/or the development of other product candidates;
- the terms and timing of any potential future collaborations, licensing or other arrangements that we may establish; and/or
- our headcount growth and associated costs.

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

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

As at June 30, 2021, we recorded goodwill of RMB144.6 million, which was derived from our acquisition of AngioCare completed in September, 2020. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. The value of goodwill is determined based on a number of assumptions made by the management. If any of these assumptions does not materialize, or if the performance of our business is not consistent with such assumptions, we may be required to have a significant write-off of our goodwill and record a significant impairment loss. Furthermore, our determination on whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated, which depends on the expected future cash flows from the cash-generating units. If we determine the expected future cash flow to decrease, our goodwill may be impaired. Any significant impairment of goodwill could have a material adverse effect on our business, financial condition and results of operations. For more information regarding our impairment policy in relation to intangible assets, please refer to Note 2.3 headed "Summary of Significant Accounting Policies — Intangible Assets (Other than Goodwill)", "Business Combinations and Goodwill" and "Impairment of Non-financial Assets" of the Accountant's Report set out in Appendix IA to this prospectus.

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

As at June 30, 2021, we recorded other intangible assets of RMB137.2 million which primarily included intellectual properties related to our business operations, and were derived from our acquisition of AngioCare. The value of intangible assets is determined based on a number of assumptions made by our management. There are inherent uncertainties in the estimates, judgments and assumptions used in assessing the carrying value of intangible assets. Certain factors, including economic, legal, regulatory, competitive, reputational, contractual, and other factors, might have a negative impact on the carrying value of our intangible assets. If any of our assumptions does not materialize, or if the performance of our business is not consistent with such assumptions, we may be required to have a significant write-off of our intangible assets and record a significant impairment loss. Furthermore, our determination on whether intangible assets are impaired requires an estimation of the carrying amount and recoverable amount of an intangible asset. If the carrying amount exceeds its recoverable amount, our other intangible assets may be impaired. Any significant impairment of intangible assets could have a material adverse effect on our business, financial condition and results of operations. For more information regarding our impairment policy in relation to intangible assets, please refer to Note 2.3 headed "Summary of Significant Accounting Policies — Intangible Assets (Other than Goodwill)", "Business Combinations and Goodwill" and "Impairment of Non-financial Assets" of the Accountant's Report set out in Appendix IA to this prospectus.

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

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

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

We adopted employee incentive schemes for the benefit of our employees (including directors) and consultants as remuneration for their services provided to us to incentivize and reward the eligible persons who have contributed to the success of our Company. For details, see "History, Development and Corporate Structure — Employee Incentive Schemes." During 2019, 2020, and the six months ended June 30, 2020 and 2021, we incurred equity-settled share award expenses of nil, RMB268.1 million, nil and RMB186.0 million, respectively. To further incentivize our employees and consultants to contribute to us, we may grant additional share-based payments in the future. Issuance of additional Shares with respect to such share-based payments may dilute the shareholding percentage of our existing Shareholders. Expenses incurred with respect to such share-based payments may also increase our operating expenses and therefore have a material and adverse effect on our financial performance.

We have historically received government grants for our research and development activities and we may not receive such grants or subsidies in the future.

We have historically received government grants and subsidies for certain of our product development projects. For 2019, 2020, and the six months ended June 30, 2020 and 2021, we recognized government grants as other income of RMB1.6 million, RMB3.0 million, RMB0.5 million and RMB0.1 million, respectively. For further details of our government grants, see "Financial Information." Our eligibility for government grants depends on a variety of factors, including the assessment of our improvement on existing technologies, relevant government policies, the availability of funding at different granting authorities and the research and development progress made by other peer companies. In addition, the policies according to which we historically received government grants may be changed or halted by the relevant government entities at their sole discretion. There is no assurance that we will continue to receive such government grants or receive similar level of government grants, or at all, in the future.

RISKS RELATING TO OUR OPERATIONS

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

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

The outbreak, which has already resulted in a high number of fatalities, is likely to have an adverse impact on the livelihood of the people both in China and globally, which in turn will have a negative impact on the global economy. Our business operation has also been, and may continue to be, negatively affected by the outbreak. For example, many hospitals in China allocated significant resources to contain COVID-19, and patients suffering from other diseases generally avoided going to hospitals in order to prevent being infected. As a result, we experienced delays in the patient enrollment process and data entry for certain of our clinical trials in China. Specifically, since trial subjects were required to physically visit the hospitals to conduct their follow-ups for the RCT for Bioheart®, we experienced approximately three-month delays in completing the follow-up process. With respect to our RCT for Iberis® 2nd, we also paused patient enrollment for approximately three months during the outbreak of COVID-19. Please refer to the paragraphs headed "Summary — Recent Developments and No Material Adverse Change" for a more detailed discussion of the relevant impact on us.

While many of the restrictions on movements within China have been relaxed, there is great uncertainty around the future of the COVID-19 outbreak and how it will impact our operations. In particular, we cannot accurately forecast the potential impact of additional outbreaks as government restrictions are relaxed, further shelter-in-place or other government restrictions implemented in response to such outbreaks, or the impact on the ability of our suppliers and other business partners to remain in business as a result of the ongoing pandemic or such additional outbreaks. For example, if there were additional outbreaks causing the trial subject enrollment process of Iberis® 2nd to be further delayed, we may not be able to complete the RCT timely and submit our RCT results to the NMPA for its approval in the fourth quarter of 2022 as planned. With the uncertainties surrounding the COVID-19 outbreak until a cure or vaccine has been discovered, the threat to our business disruption and the related financial impact remains.

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

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

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

Furthermore, replacing executive officers, key employees and consultants may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to successfully develop, gain regulatory approval of and commercialize products. Competition to hire from this limited pool is intense, and we may face difficulties for hiring and retaining talents and highly skilled personnel from time to time as our competitors may offer more attractive salary package, higher positions and better training opportunities to such talents. Therefore, we may be unable to hire, train, retain or motivate these key personnel or consultants on acceptable terms given the competition among numerous medical device companies for similar personnel. We also experience competition for the hiring of research and development and clinical personnel from universities, research institutions, government entities and other organizations. As a result, we may incur additional expenses and devote significant time to recruit and train new personnel, which could severely disrupt our business and growth. For example, our internal training for manufacturing personnel can last for up to several months depending on the position and the experience of the particular recruit, in which case there can be a lag between the time we initiate recruiting for such personnel and their commencement of work. This lag could potentially interfere with our progress for research and development of our product candidates. In addition, our consultants and advisers may be engaged by our competitors and may have commitments under consulting or advisory contracts with other entities that may limit their availability to us. If we are unable to continue to attract and retain high quality personnel, our ability to pursue our growth strategy will be limited.

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

We are a development-stage medical device company with a relatively short operating history. Specifically, our operations during the Track Record Period and up to date have primarily been focused on the pre-clinical studies and clinical trials of our product candidates, and we have not yet obtained any regulatory approval for any such product candidates. As we had no commercialized products during the Track Record Period, our experience in the manufacturing, product registration, and sales and marketing in relation to our product

candidates is limited. Further, we acquired AngioCare in September, 2020, and have a limited history operating on a combined basis. The financial information included in this prospectus includes financial information of our Group in its current state only from September 21, 2020 (since when we have consolidated AngioCare's results of operation) through June 30, 2021. As a result of the limited track record of our Group in its current state, it may be difficult for you to evaluate our combined business, results of operations and prospects.

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

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

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

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

The development and commercialization of new medical devices is highly competitive. We face competition from other major companies focusing on the development of therapeutic medical devices used in PCI and renal denervation procedures worldwide. A number of companies in the global and China markets currently market and sell BRS and RDN products, or are pursuing the development of such products for the treatment of coronary or peripheral artery diseases and hypertension for which we are developing our product candidates. For example, MicroPort, a sizable market player, also has a BRS product candidate at clinical

stage in China and may directly compete with our Core Product upon commercialization. Moreover, our RDN product candidates focus on treating uncontrolled hypertension and resistant hypertension with radiofrequency ablation technology, while our competitors may have the intention to develop RDN products that use cryoablation technology to treat hypertension. Currently, there is no commercialized RDN product using cryoablation technology in the global market, or any such product candidate that has entered into the clinical trial stage. However, we can not assure you that our competitors will not successfully develop cryoablation technology-based RDN products in the future. Potential competitors also include government agencies, academic institutions and other public and private research organizations that conduct research, seek patent protection and establish collaborative arrangements for research, development, manufacturing and commercialization.

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

In addition, the medical device industry in China is rapidly evolving due to economic growth in China, changes in government policies and funding levels and other factors discussed in this prospectus. Many of our competing companies like MicroPort have significantly greater financial resources and expertise and experience in research and development, pre-clinical testing, conducting clinical trials, obtaining regulatory approvals, manufacturing and marketing than we do, and are more capable than us to respond and adapt to the market changes in a timely and effective manner. Mergers and acquisitions in the medical device industries may result in even more resources being concentrated among a small number of our competitors. Smaller and other early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These third parties compete with us in recruiting and retaining qualified scientific, management and marketing personnel, establishing clinical trial sites and patient registration for clinical trials, as well as acquiring technologies complementary to, or necessary for, our programs. Our inability to compete effectively, or to adequately respond and adapt to changes in market conditions in a timely manner could cause a decline in our growth rates, reduce our revenues, harm our ability to maintain our leading position in the market for BRS and RDN products in China, or to achieve our targeted market share in future periods. If we cannot maintain our market position, our relationships with physicians and hospital administrators and our long-term ability to effectively market and sell our products or conduct clinical trials for our new products could be negatively impacted, and our business, financial condition, results of operation and return on capital expenditures may be materially and adversely affected.

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

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

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

We believe appropriate strategic partners will play an important role for our commercialization and help us strengthen our presence in both the domestic and global markets. Historically, AngioCare has established a strategic alliance with Terumo since 2012, pursuant to which AngioCare granted an exclusive distribution right to Terumo for AngioCare's renal sympathetic denervation medical devices in the global market. We may from time to time establish or seek new strategic alliances, form joint ventures or collaborations, or enter into licensing arrangements with third parties that we believe will complement or augment our development and commercialization efforts with respect to our product candidates and any future product candidates that we may develop. However, we face competition in seeking appropriate strategic partners and the negotiation process for the collaboration, alliances or licensing arrangements can be time-consuming and complex, and other medical device companies may have greater resources and potentials than us which may lead us to a disadvantageous position in competing for an ideal strategic partner with extensive experience and abundant resources. Moreover, we may not be successful in our efforts to establish a strategic partnership or other alternative arrangements for our product candidates because they may be deemed to be at too early of a development stage for collaborative effort and third parties may not view our product candidates as having the requisite potential to demonstrate safety and efficacy or commercial viability. If and when we

collaborate with a third party for the development and commercialization of a product candidate, we can expect to relinquish some or all of the control over the future success of that product candidate to the third party. For any product candidates that we may seek to in-license from third parties, we may face significant competition from other medical device companies with greater resources or capabilities than us, and any agreement that we do enter may not result in the anticipated benefits.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We acquired AngioCare in September, 2020. However, we may not be able to integrate AngioCare to achieve the expected synergies with our existing operations and to fulfill the contemplated purposes of the acquisition. These synergies are inherently uncertain, and are subject to significant business, economic and competitive uncertainties and contingencies, many of which are difficult to predict and may be beyond our control. Also, the synergies from our acquisition of AngioCare may be offset by costs incurred in the acquisition, increases in other expenses, operating losses or other problems in the business. As a result, there can be no assurance that these synergies will be achieved.

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

We may from time to time become subject to various litigation, legal or contractual disputes, investigations or administrative proceedings arising in the ordinary course of our business, including but not limited to various disputes with or claims from our suppliers, customers (after commercialization of our product candidates), contractors, business partners

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

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

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

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

among others, some of which may be broader in scope and may apply to healthcare services reimbursed by any source, not just governmental payors, including private insurers. There are ambiguities as to what is required to comply with these requirements, and if we fail to comply with an applicable law requirement, we could be subject to penalties.

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

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

During the process of clinical trials, we need to collect and store a large quantity of patients' personal data and information, which require us and our third-party vendors such as clinical trial institutions, hospitals, CROs and SMOs to maintain an effective control system to protect such personal data and information. The personal information of patients or subjects for our clinical trials is highly sensitive and we are subject to strict requirements under the applicable privacy protect regulations in the relevant jurisdictions. Specifically, laws and regulations regarding data privacy and protection in China (the "**CAC**") are generally complex and evolving, with uncertainty as to the interpretation and application thereof. For example, on July 10, 2021, the Cyberspace Administration of China 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)》) (the "**Draft Cybersecurity Review Measures**"), which stipulate that if an operator has collected personal information of over one million users and intends to be listed in a foreign country, it must be subject to the cybersecurity review. On November 14, 2021, the CAC, jointly with the relevant authorities, published the *Administrative Regulations on Internet Data Security (Draft for Comment)* (《網絡數據安全管理條例(徵求意見稿)》), which requires data processors who carry out certain activities to apply for a cybersecurity review in accordance with relevant regulations, and such activities include the proposed listing of the data processor in Hong Kong that affects or may affect national security. Although the number of our patients in the clinical trials of our product candidates are far below one million and we believe that our collection and handling of the personal information of these patients do not constitute "data processing activities" or any other activities that may affect national security under the Draft Cybersecurity Review Measures, the application scope of the draft measures remains unclear, and the PRC government authorities may have wide discretion in the interpretation and enforcement of the laws and regulations. If a final version of the Draft Cybersecurity Review Measures is adopted, we may be subject to review when conducting data processing activities, and may face challenges in addressing its requirements and make necessary changes to our internal policies and practices in data processing. Any actual or alleged failure to comply with the evolving data privacy and protection laws and regulations could damage our reputation and negatively affect our business operation and financial position. Whilst we have adopted security policies and measures to protect our proprietary data and patients' privacy, misappropriation, misuse, leakage, falsification or intentional or accidental release or loss of personal data might not be avoided due to human error, employee misconduct or system breakdown. We also cooperate with third parties including principal investigators, hospitals, CROs and SMOs for our clinical trials. Any leakage or abuse of patient data by our third-party partners may be perceived by the patients as a result of our failure. Any failure or perceived failure by us to prevent information security

breaches or to comply with privacy policies or privacy-related legal obligations, or any compromise of information security that results in the unauthorized release or transfer of personally identifiable information or other patient data, could cause our customers to lose trust in us and could expose us to legal claims. Whilst we have made efforts to ensure our compliance with the applicable privacy regulations in the relevant jurisdictions, we may not be capable of adjusting our internal policies in a timely manner and any failure to comply with applicable regulations could also result in regulatory enforcement actions against us.

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

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

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

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

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

Although we maintain insurance policies that cover losses arising from accidents and natural calamities in respect of our machinery, equipment, inventory and other fixed assets in our research and manufacturing facilities, this insurance may not provide adequate coverage against potential liabilities resulting from the use of or exposure to hazardous materials. We do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us in connection with our storage, use or disposal of biological or hazardous materials.

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

Our internal computer systems may fail or suffer security breaches.

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

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

We could be subject to risks caused by misappropriation, misuse, leakage, falsification or intentional or accidental release or loss of information maintained in the information systems and networks of our Company and our vendors, including personal information of our employees and patients, and company and vendor confidential data. In addition, outside parties may attempt to penetrate our systems or those of our vendors or fraudulently induce our personnel or the personnel of our vendors to disclose sensitive information in order to gain access to our data and/or systems. Like other companies, we may experience threats to our data and systems, including malicious codes and viruses, phishing, and other cyber-attacks.

The number and complexity of these threats may continue to increase over time. If a material breach of our information technology systems or those of our vendors occurs, the market perception of the effectiveness of our security measures could be harmed and our reputation and credibility could be damaged. We could be required to expend significant amounts of money and other resources to repair or replace information systems or networks. In addition, we could be subject to regulatory actions and/or claims made by individuals and groups in private litigation involving privacy issues related to data collection and use practices and other data privacy laws and regulations, including claims for misuse or inappropriate disclosure of data, as well as unfair or deceptive practices. Although we develop and maintain systems and controls designed to prevent these events from occurring, and we have a process to identify and mitigate threats, the development and maintenance of these systems, controls and processes is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become increasingly sophisticated. Moreover, despite our efforts, the possibility of these events occurring cannot be eliminated entirely.

Our and/or others' failure to obtain or renew certain approvals, licenses, permits and certificates required for our business may materially and adversely affect our business, financial condition and results of operations.

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

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

or certificates may in turn restrict the conduct of our business, decrease our revenues and/or increase our costs, which could materially reduce our profitability and impair our prospects.

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

Our operations, and those of our third-party research institution collaborators, suppliers and other business partners, could be subject to natural or man-made disasters, health epidemic, or business interruptions, for which we are predominantly self-insured. The occurrence of any of these business disruptions could seriously harm our and our partners' operations and financial condition and increase our and their costs and expenses. Furthermore, our ability to obtain supplies of raw materials for producing our product candidates could be disrupted if the operations of these suppliers are affected by a man-made or natural disaster, health epidemic, or other business interruption. Damage or extended periods of interruption to our administration, development, research or manufacturing facilities due to fire, natural disaster, health epidemic, power loss, communications failure, unauthorized entry or other events could cause us to cease or delay development or commercialization of some or all of our product candidates.

For example, the ongoing COVID-19 pandemic and additional outbreaks in China could significantly affect our industry and cause temporary suspension of projects and shortage of labor and raw materials, which would severely disrupt our progress on research and development of our product candidates and have a material adverse effect on our business, financial condition and results of operations. Our operations could also be disrupted if any of our employees or employees of our suppliers and other business partners were suspected of contracting or contracted COVID-19, since this could require us and our suppliers and other business partners to quarantine some or all of these employees and disinfect facilities used for operations.

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

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

We operate in the medical device industry, which involves numerous operating risks and occupational hazards. We maintain certain insurance policies as of the Latest Practicable Date. For example, we maintain clinical trial insurance policies that covers losses arising from injuries and deaths of trial subjects as a result of using our medical devices or related products and property insurance policies that cover losses arising from accidents and natural calamities in respect of our machinery, equipment, inventories and other fixed assets in our research and manufacturing facilities. We do not maintain product liability insurance policies. For more details of our insurance policies, please refer to the paragraphs headed "Business — Insurance" in this prospectus. We cannot assure you that the existing insurance coverage is sufficient to compensate for actual losses suffered or incurred. To the extent that such losses or payments are not insured or the insured amount is not adequate, our business, results of operations and financial condition may be materially and adversely affected by such losses

and associated liabilities. For the specific risks of inadequate insurance coverage in the event of product liability claims, please refer to the paragraphs headed "— Risks Relating to Manufacture and Supply of Our Product Candidates — We may be exposed to potential product liability claims, and our insurance coverage may be inadequate to protect us from all the liabilities we may incur" in this section.

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

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

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

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

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

Certain of our bank balances and cash, other receivables, financial instruments issued to investors and other payables are denominated in foreign currencies. Therefore, we are exposed to foreign currency risk. For example, our other expenses increased from RMB5,000 in 2019 to RMB16.4 million in 2020, mainly because we incurred foreign exchange losses for the funds we received from our Pre-IPO Investments. The exchange rate of RMB against USD and other foreign currencies fluctuates is affected by, among other things, the policies of the PRC Government and changes in China's and international political and economic conditions, as well as supply and demand in the local market. It is difficult to predict how market forces or

government policies may impact the exchange rate between RMB, USD, HKD or other currencies in the future. In addition, the PBOC regularly intervenes in the foreign exchange market to limit fluctuations in RMB exchange rates and achieve policies goals. There remains significant international pressure on the PRC Government to adopt a more flexible currency policy, which, together with domestic policy considerations, could result in a significant appreciation of RMB against USD, HKD or other foreign currencies.

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

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

As of the Latest Practicable Date, we leased properties of a total gross floor area of approximately 10,127.3 sq.m. Pursuant to the applicable PRC laws and regulations, property lease agreements must be registered with the local branch of the Ministry of Housing and Urban-Rural Development of the PRC. As of the Latest Practicable Date, we had not completed the relevant property leasing registrations for one leased property. According to our PRC Legal Adviser, the failure to complete the registration process does not affect the validity of the property lease agreements but a maximum penalty of RMB10,000 may be imposed on us for the non-registration of each lease. We cannot assure we will not be subject to any penalties arising from the non-registration of lease agreements and any disputes arising out of our leased properties in the future.

RISKS RELATING TO DOING BUSINESS IN CHINA

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

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

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

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

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

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

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 be limited.

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.

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

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

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

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

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

Under applicable PRC tax laws, the dividends we pay to, and gains realized through the sale or transfer by other means of H shares by, non-PRC resident enterprise holders of H shares ("**non-resident enterprise holders**") are both subject to PRC 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%.

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

For non-resident individual holders, gains realized through the transfer of properties are normally subject to PRC individual income tax at a rate of 20%. However, according to the Circular of the Ministry of Finance and the State Administration of Taxation on Issues Concerning Individual Income Tax Policies (財政部、國家稅務總局關於個人所得稅若干政策問題的通知), income received by individual foreigners from dividends and bonuses of a foreign-invested enterprise are exempt from individual income tax for the time being. According to the Circular Declaring that Individual Income Tax Continues to Be Exempted over Individual Income from Transfer of Shares issued by the MOF and the STA (關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知) effective as of March 30, 1998, income from individuals' transfer of stocks of listed companies continued to be temporarily exempted from individual income tax. On February 3, 2013, the State Council approved and promulgated the Notice of Suggestions to Deepen the Reform of System of Income Distribution (國務院轉批發展改革委等部門關於深化收入分配制度改革若干意見的通知). On February 8, 2013, the General Office of the State Council promulgated the Circular Concerning Allocation of Key Works to Deepen the Reform of System of Income Distribution (國務院辦公廳關於深化收入分配制度改革重點工作分工的通知). According to these two documents, the PRC government is planning to cancel foreign individuals' tax exemption for dividends obtained from foreign-invested enterprises, and the Ministry of Finance and the State Administration of Taxation should be responsible for making and implementing details of such plan. However,

relevant implementation rules or regulations have not been promulgated by the Ministry of Finance and the State Administration of Taxation.

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

In the past, local governments in China granted certain financial incentives from time to time to us as part of our efforts to encourage the development of local businesses. We recognized RMB1.6 million, RMB3.0 million, RMB0.5 million and RMB0.1 million of government grants as other income in 2019, 2020, and the six months ended June 30, 2020 and 2021, respectively. The timing, amount and criteria of government financial incentives are determined within the sole discretion of the local government authorities and cannot be predicted with certainty before we actually receive any financial incentive. We generally do not have the ability to influence local governments in making these decisions. Local governments may decide to reduce or eliminate incentives at any time. In addition, some of the government financial incentives are granted on a project basis and subject to the satisfaction of certain conditions, including compliance with the applicable financial incentive agreements and completion of the specific projects therein. We cannot guarantee that we will satisfy all relevant conditions, and if we fail to satisfy any such conditions, we may be deprived of the relevant incentives. We cannot assure you of the continued availability of the government incentives currently enjoyed by us. Any reduction or elimination of incentives would have an adverse effect on our results of operations.

Governmental control of currency conversion, and restrictions on the remittance of RMB into and out of the PRC, may adversely affect the value of your investment.

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

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

We are subject to periodic examinations on fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities. Although we believe that in the past we had acted in compliance with the requirements under the relevant PRC tax laws and regulations in all material aspects and had established effective internal control measures in relation to accounting regularities, we cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or actions that could adversely affect our business, financial condition and results of operations, as well as our reputation. Furthermore,

the PRC government from time to time adjusts or changes its tax laws and regulations. For example, under the Individual Income Tax Law ("IIT Law") which was last amended on June 30, 2011 and came into effect on September 1, 2011, foreign nationals which have domiciles in the PRC, or have no domicile in China but have resided in the PRC for one year or more, would be subject to PRC individual income tax at progressive rate on their income gained within or outside the PRC. The Standing Committee of NPC have approved the amendment of the IIT Law, which took effect on January 1, 2019. Under the amended IIT law, foreign nationals have no domicile in China but have resided in the PRC for a total of 183 days or more in a tax year, would be subject to PRC individual income tax on their income gained within or outside the PRC. Should such rule be strictly enforced, our ability to attract and retain highly skilled foreign scientists and research technicians to work in China may be materially affected, which may in turn have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects. Further adjustments or changes to PRC tax laws are regulations, together with any uncertainty resulting therefrom, could also have an adverse effect on our business, financial condition and results of operations.

We may be restricted from transferring our scientific data abroad.

On March 17, 2018, the General Office of the State Council promulgated the Measures for the Management of Scientific Data (科學數據管理辦法), or the Scientific Data Measures, which provides a broad definition of scientific data and relevant rules for the management of scientific data. According to the Scientific Data Measures, enterprises in China must seek governmental approval before any scientific data involving a state secret may be transferred abroad or to foreign parties. Any researcher conducting research funded at least in part by the Chinese government is required to submit relevant scientific data for management by the entity to which such researcher is affiliated before such data may be published in any foreign academic journal. Further, the handling of scientific data involving state secrets, national security, social public interests, commercial secrets or personal privacy shall be subject to strict review and control procedures. Such scientific data involved in our business operations primarily consist of personal data of trial subjects enrolled in our clinical studies and generally do not involve state secret or national security. However, given the term state secret is not clearly defined, if and to the extent any data collected or generated in connection with our business operations 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 properly desensitize such data, or obtain relevant approvals for sending scientific data (such as the results of our pre-clinical studies or clinical trials conducted within China) abroad or to our foreign partners in China. If we are unable to properly desensitize such data, or to obtain necessary approvals in a timely manner, or at all, our business, results of operations, financial conditions and prospects may be materially and adversely affected. If the relevant government authorities consider the transmission of our scientific data to be in violation of the requirements under the Scientific Data Measures, we may be subject to fines and other administrative penalties imposed by those government authorities.

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

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

It is notably that the United States government has recently made significant changes in its trade policy and has taken certain actions that may materially impact international trade, such as announcing import tariffs which have led to other countries, including China and members of the European Union, imposing tariffs against the United States in response. The United States has also threatened to impose further export controls, sanctions, trade embargoes, and other heightened regulatory requirements on China and Chinese companies. These have raised concerns that there may be increasing regulatory challenges or enhanced restrictions against China and other Chinese companies in a wide range of areas. In March 2018, the U.S. announced the imposition of tariffs on steel and aluminum entering the U.S. and in June 2018 announced further tariffs targeting goods imported from China. Recently both China and the U.S. have each imposed tariffs indicating the potential for further trade barriers. Currently, it remains unclear what actions, if any, the U.S. government will take with respect to other existing international trade agreements. It is also unknown whether and to what extent new tariffs (or other new laws or regulations) will be adopted, or the effect that any such actions would have on us or our industry. While we have not started commercialization of any of our products candidates, any unfavorable government policies on international trade, such as capital controls or tariffs, may affect the demand for our future products, the competitive position of our future products, the hiring of scientists and other research and development personnel, and import or export of raw materials in relation to product development, or prevent us from selling our future products in certain countries. There can be no assurance that existing and potential collaboration partners will not alter their perception of us or their preferences as a result of such adverse changes in the relationship between China and the U.S. If any new tariffs, legislation and/or regulations are implemented, or if existing trade agreements are renegotiated or, in particular, if the U.S. government takes retaliatory trade actions due to the recent U.S.-China trade tension, such changes could have an adverse effect on our business, financial condition and results of operations.

Any possible conversion of our Unlisted Shares, including Domestic Shares and Unlisted Foreign Shares, into H Shares in the future could increase the supply of our H Shares in the market and negatively impact the market price of our H Shares.

Subject to the approval of the State Council securities regulatory authority, all of our Unlisted Shares may be converted into H Shares, and such converted Shares may be listed or traded on an overseas stock exchange. Any listing or trading of the converted Shares on an overseas stock exchange shall also comply with the regulatory procedures, rules and

requirements of such stock exchange. No class shareholder voting is required for the listing and trading of the converted Shares on an overseas stock exchange. However, the PRC Company Law provides that in relation to the public offering of a company, the shares of that company which are issued prior to the public offering shall not be transferred within one year from the date of the listing. Therefore, upon obtaining the requisite approval, shares currently held on our Domestic Share register or the Unlisted Foreign Share register may be traded, after the conversion, in the form of H Shares on the Stock Exchange after one year of the Global Offering, which could further increase the supply of our H Shares in the market and could negatively impact the market price of our H Shares.

RISKS RELATING TO THE GLOBAL OFFERING

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

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

A listing on the Stock Exchange, however, does not guarantee that an active and liquid trading market for the Shares will develop, or if it does develop, that it will be sustained following the Global Offering, or that the market price of the Shares will not decline following the Global Offering. In particular, according to the PRC Company Law, all of the Shares in issue as of the date of this Prospectus, representing 90.19% of our total issued Shares upon Listing (assuming the Over-allotment Option is not exercised), will be subject to a lock-up period of one year from the Listing Date, which may significantly affect the liquidity and trading volume of our Shares in the short term following the Global Offering. In addition, the trading price and trading volume of the Shares may be subject to significant volatility in responses to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. In particular, the business and performance and the market price of the shares of other companies engaging in similar business may affect the price and trading volume of our Shares. In addition to market and industry factors, the price and trading volume of our Shares may be highly volatile for specific business reasons, such as the results of clinical trials of our product candidates, the results of our applications for approval of our product candidates, regulatory developments affecting the BRS and RDN markets, healthcare, health insurance and other related matters, fluctuations in our revenue, earnings, cash flows, investments and expenditures, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors.

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

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

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

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

The Offer Price of our Shares sold in the Global Offering is expected to be determined on the Price Determination Date. However, the Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be five Business Days after the Price Determination Date. As a result, investors may not be able to sell or otherwise deal in the Shares before the commencement of trading. Accordingly, holders of our Shares are subject to the risk that the price of the Shares when trading begins could be lower than the Offer Price as a result of adverse market conditions or other adverse developments that may occur between the time of sale and the time trading begins.

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

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

immediately after the Global Offering due to contractual and regulatory restrictions on disposal and new issuance. Nevertheless, after these restrictions lapse or if they are waived, future sales of significant amounts of our Shares in the public market or the perception that these sales may occur could significantly decrease the prevailing market price of our Shares and our ability to raise equity capital in the future.

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

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

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

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

Certain facts, forecasts and statistics obtained from official government sources in this prospectus relating to the BRS and RDN markets may not be fully reliable.

Certain facts, forecasts and statistics in this prospectus relating to the BRS and RDN markets in and outside China are obtained from official government publications that have not been independently verified by us, the Sole Global Coordinator, the Sole Sponsor, the Sole Lead Manager, the Sole Bookrunner and the Underwriter, any of their respective directors, employees, agents or advisors, or any other person or party involved in the Global Offering, and no representation is given as to its accuracy. However, we cannot guarantee the quality or reliability of these sources. Neither we, the Sole Sponsor, the Underwriter 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. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon.

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

You should rely solely upon the information contained in this prospectus, the Global Offering and any formal announcements made by us in Hong Kong when making your investment decision regarding our Shares. Subsequent to the date of this prospectus but prior to the completion of the Global Offering, there may be press and media coverage regarding us and the Global Offering, which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the Global Offering. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for the accuracy or completeness of any such press articles or other media coverage, or the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Shares, the Global Offering or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us in any such press articles or media coverage. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information. By applying to purchase our Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this prospectus.

We plan to conduct the offering and listing of A shares at an appropriate time after the Global Offering, but there is no assurance that we will conduct such an A share offering, and the characteristics of the A share and H share markets are different.

We plan to conduct the offering and listing of A shares at an appropriate time after the Global Offering. As of the Latest Practicable Date, we have not determined the size and scope of the contemplated A share offering and have not made any application to any recognized stock exchange in the PRC for approval for the listing of any A shares. There is no assurance we will conduct such an A share offering. If an A share offering is conducted by us in the future, following the Global Offering and the proposed A share offering, our H Shares will be traded on the Hong Kong Stock Exchange and our A Shares will be traded on the A Share market. Under current PRC laws and regulations, without approval from relevant regulatory authorities, H Shares and A shares are neither interchangeable nor fungible, and there is no trading settlement between the H share and A share markets. The H share and A share markets have different trading characteristics (including trading volume and liquidity) and investor bases, including different levels of retail and institutional participation. As a result of these differences, the trading price of H Shares and A shares may not be the same. Moreover, fluctuations in A share price may affect H Share price, and vice versa. Prospective investors should therefore not place undue reliance on the planned offering and listing of A shares in the future when evaluating an investment in our H Shares.

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

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

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

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

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

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

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

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

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

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

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

WAIVER IN RELATION TO JOINT COMPANY SECRETARIES

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

Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers that the following academic or professional qualifications to be acceptable:

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

(b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance); and

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

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

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

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

(c) relevant training taken and/or to be taken in addition to the minimum requirement of taking not less than fifteen hours of relevant professional training in each financial year under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

We have appointed Mr. Yunqing Wang and Ms. Sarah Siu Ying Kwok as the joint company secretaries of our Company on December 9, 2020. Ms. Kwok is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, and therefore meets the qualification requirements under Note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules. Mr. Yunqing Wang, however, does not possess the qualifications set out in Rule 3.28 of the Listing Rules. We believe that Mr. Yunqing Wang, by virtue of his knowledge and experience in handling financial management and corporate administrative matters and familiarity with our Group's business, is capable of discharging his functions as a joint company secretary. Our Directors therefore consider Mr. Yunqing Wang a suitable individual to act as a joint company secretary and believe that such appointment would be the best interests of our Company and of the corporate governance of our Group. For more details of Mr. Yunqing Wang and Ms. Kwok's biographical information, please refer to the section headed "Directors, Supervisors and Senior Management — Joint Company Secretaries" in this prospectus.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules. Pursuant to HKEX-GL108-20, the waiver is granted on two conditions:

(i) Mr. Yunqing Wang must be assisted by Ms. Kwok, who possesses the qualifications and experience required under Rule 3.28 of the Listing Rules and shall remain appointed as a joint company secretary throughout the three-year waiver period; and

(ii) the waiver is valid for period of three years from the Listing Date and will be revoked immediately if and when Ms. Kwok ceases to provide such assistance or if there are material breaches of the Listing Rules by our Company.

Prior to the expiry of the three-year period, the qualifications and experience of Mr. Yunqing Wang and the need for on-going assistance of Ms. Kwok will be further evaluated by us. We will liaise with the Stock Exchange to enable it to assess whether Mr. Yunqing Wang, having benefited from the assistance of Ms. Kwok for the preceding three years, will have acquired the skills necessary to carry out the duties of a company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

WAIVERS IN RELATION TO CONTINUING CONNECTED TRANSACTIONS

The Company has entered into, and is expected to continue, certain transactions which would constitute continuing connected transactions under the Listing Rules upon Listing. Accordingly, the Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the announcement and shareholders' approval requirements pursuant to Rule 14A.105 of the Listing Rules and requirement in relation to setting an annual cap in monetary term as set out under Rule 14A.53 of the Listing Rules for such continuing connected transactions. For further details of such continuing connected transactions, please refer to the section headed "Connected Transactions."

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

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

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

Paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance further requires the company to include in its prospectus a report by the auditors of the company with respect to (i) the profits and losses of the company for each of the three financial years immediately preceding the issue of the prospectus; and (ii) the assets and liabilities of the company at the last date to which the financial statements were prepared.

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

Rule 18A.03(3) of the Listing Rules requires that a Biotech Company must have been in operation in its current line of business for at least two financial years prior to listing under substantially the same management. Rule 18A.06 of the Listing Rules requires that a Biotech Company must comply with Rule 4.04 of the Listing Rules modified so that references to "three financial years" or "three years" in Rule 4.04 shall instead reference to "two financial years" or "two years", as the case may be.

Our Company is an interventional cardiovascular device company in China focused on two therapies: (i) bioresorbable scaffolds (BRS) addressing the unmet medical needs of Chinese patients for the treatment of coronary or peripheral artery diseases, and (ii) renal denervation (RDN) addressing the unmet medical needs of Chinese patients for the treatment of uncontrolled hypertension and resistant hypertension.

In compliance with the abovementioned requirements under the Listing Rules, the accountants' report of our Company set out in Appendix IA to this prospectus is prepared to cover two financial years ended December 31, 2020 and the six months ended June 30, 2021.

As such, the Sole Sponsor has applied on behalf of our Company to the SFC for a certificate of exemption from strict compliance with section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the requirements of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the following grounds:

(a) Our Company is primarily engaged in the research and development, application and commercialization of biotech products, and falls within the scope of biotech company as defined under Chapter 18A of the Listing Rules. Our Company will fulfill the additional conditions for listing applicable to a Chapter 18A company;

(b) notwithstanding that the financial results set out in this prospectus are only for the two financial years ended December 31, 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;

(c) given that our Company is only required to disclose its financial results for the two financial years ended December 31, 2020 and the six months ended June 30, 2021 in accordance with Chapter 18A of the Listing Rules and preparation of the financial results for the year ended December 31, 2018 would require additional work to be performed by our Company and the reporting accountants, strict compliance with section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the requirements of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance would be unduly burdensome for our Company; and

(d) the accountants' report covering the two financial years ended December 31, 2020 and the six months ended June 30, 2021 (as set out in Appendix IA to this prospectus), together with other disclosures in this prospectus, have already provided adequate and reasonable up-to-date information in the circumstances for the potential investors to make an informed assessment of the business, assets and liabilities, financial position, management and prospects, and to form a view on the track record of, our Company. Therefore, the exemption would not prejudice the interest of the investing public.

The SFC has granted a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with section 342(1)(b) in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the condition that particulars of the exemption are set out in this prospectus and this prospectus will be issued on or before December 13, 2021.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

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

APPROVAL OF THE CSRC

We have submitted an application to the CSRC to apply for listing of the H Shares on the Stock Exchange and for the Global Offering and we obtained the letter of acceptance from the CSRC on February 25, 2021.

The CSRC issued an approval letter on June 4, 2021 for the submission of the application to list our H Shares on the Hong Kong Stock Exchange and for the Global Offering. In granting such approval, the CSRC accepts no responsibility for our financial soundness, nor for the accuracy of any of the statements made or opinions expressed in this prospectus. No other approvals are required to be obtained for the listing of the H Shares on the Stock Exchange.

UNDERWRITING AND INFORMATION ON THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. The Global Offering comprises the Hong Kong Public Offering of initially 2,394,000 Offer Shares and the International Offering of initially 21,543,000 Offer Shares (subject to, in each case, reallocation on the basis referred to under the section headed "Structure of the Global Offering" in this prospectus and, in case of the International Offering, to any exercise of the Over-allotment Option).

The listing of our H Shares on the Stock Exchange is sponsored by the Sole Sponsor and the Global Offering is managed by the Sole Global Coordinator. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriter pursuant to the Hong Kong Underwriting Agreement, subject to us and the Sole Global Coordinator (acting in such capacity and as the Hong Kong Underwriter) agreeing on the Offer Price. The International Offering is expected to be fully underwritten by the International Underwriter under the terms of the International Underwriting Agreement relating to the International Offering which is expected to be entered into on or around Thursday, December 16, 2021. If, for any reason, the Offer Price is not agreed among us and the Sole Global Coordinator (acting in such capacity and as the Underwriter) on or before Wednesday, December 22, 2021, the Global Offering will not proceed and will lapse. Further information regarding the Underwriter and the Underwriting Agreements are set out in the section headed "Underwriting" in this prospectus.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein and therein must not be relied upon as having been authorized by our Company, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, the Underwriter, any of their respective directors, officers, employees, partners, agents, employees or advisers or any other party involved in the Global Offering.

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

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

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

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

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

APPLICATION FOR LISTING OF THE H SHARES ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the granting of the listing of, and permission to deal in, the H Shares to be issued by us pursuant to the Global Offering (including any H Shares which may be issued pursuant to the exercise of the Over-allotment Option) and the H Shares to be converted from the Unlisted Foreign Shares upon completion of the Global Offering. No part of our share or loan capital is listed on or dealt in on any other stock exchange or on any other authorized trading facility such as the Securities Trading Automated Quotation System.

Dealings in the H Shares on the Stock Exchange are expected to commence on Thursday, December 23, 2021. Save as disclosed in this prospectus, no part of our Shares or loan capital is listed or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought on any other stock exchange as of the date of this prospectus. All the Offer Shares will be registered on the Hong Kong register of members of the Company in order to enable them to be traded on the Stock Exchange.

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

PROFESSIONAL TAX ADVICE RECOMMENDED

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

OVER-ALLOTMENT OPTION AND STABILIZATION

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

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

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

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

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

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

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

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

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

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

Persons applying for or purchasing H Shares under the Global Offering are deemed, by their making an application or purchase, to have represented that they are not close associates (as such term is defined in the Listing Rules) of any of the Directors of our Company or any existing Shareholders of our Company or a nominee of any of the foregoing.

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.

H SHARE REGISTRAR AND STAMP DUTY

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

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

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

STRUCTURE OF THE GLOBAL OFFERING

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.

PRIOR GLOBAL OFFERING ATTEMPT

We have previously issued a prospectus with respect to the previous global offering attempt on November 16, 2021, and have subsequently made an announcement on November 22, 2021 to postpone the global offering due to the prevailing market conditions. Notwithstanding the decision to postpone the previous global offering attempt, we and the International Underwriter have continued to discuss with prospective institutional, professional and other investors to gauge their interests in participating in the Global Offering, and as of the date of this Prospectus, we have received sufficient levels of indicative interest to support our decision to re-launch the Global Offering.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars. No representation is made that the amounts denominated in one currency could actually be converted into the amounts denominated in another currency at the rates indicated or at all. Unless indicated otherwise, (i) the translations between Renminbi and U.S. dollars were made at the rate of RMB6.3825 to US$1.00 and (ii) the translations between Hong Kong dollars and Renminbi were made at the rate of HK$1.00 to RMB0.8193. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

LANGUAGE

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

ROUNDING AND OTHERS

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

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

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Philip Li Wang (汪立)	No. 17, Lane 88, Zizhu Road, Pudong New Area, Shanghai, PRC	American
Mr. Yunqing Wang (王雲磬)	No. 5-10, Lane 308, Tang Gu Road, Hongkou District, Shanghai, PRC	Chinese
Non-executive Directors		
Ms. Li Cai (蔡俐)	Room 3306, 28 Floor Building 4 No. 6 Chaoyangmen Outer Street Chaoyang District Beijing PRC	Chinese
Mr. Quan Zhou (周瑔)	5-1-801, Deshengmen Ocean Scenic Area, Haidian District, Beijing PRC	Chinese
Mr. Ji Chen (陳紀)	Room 602, No. 14, Jinqiu Garden, Lane 2727, Wuzhong Road, Minhang District, Shanghai PRC	Chinese
Mr. Jie Yin (陰杰)	Room 1203, No. 1, Lane 736, Yingchun Road, Pudong New Area, Shanghai, PRC	Chinese

Name	Address	Nationality
Independent non-executive Directors		
Mr. Charles Sheung Wai Chan (陳尚偉)	39B, Tower 2A, Cullinan West, 28 Shum Mong Road, Cheung Sha Wan West, Kowloon, Hong Kong	Chinese
Mr. Xubo Lu (魯旭波)	1/F and 2/F, 9 Wenyi Road, Gongshu District, Hangzhou, Zhejiang, PRC	Chinese
Mr. George Chien Cheng Lin (林潔誠)	Flat C, 6/F, Monmouth Villa, No. 3 Monmouth Terrace, Wanchai, Hong Kong	American
Supervisors		
Ms. Peili Wang (王佩麗)	Room 1604, No. 3, Lane 55, Hongwan Road, Hongkou District, Shanghai, PRC	Chinese
Mr. Tao Cai (蔡濤)	Flat 208, Block 1, Haichenju, Meidi Haian Garden, Beijiaozhen, Shunde District, Foshan, PRC	Chinese
Mr. Chenzhao Zhang (張晨朝)	No. 687, Sidalin Road, Jinzhou District, Dalian, Liaoning, PRC	Chinese

For the biographies and other relevant information of the Directors and Supervisors, please refer to the section "Directors, Supervisors and Senior Management" in this prospectus.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	**Huatai Financial Holdings (Hong Kong) Limited** 62th Floor, the Center 99 Queen's Road Central Hong Kong
Sole Global Coordinator	**Huatai Financial Holdings (Hong Kong) Limited** 62th Floor, the Center 99 Queen's Road Central Hong Kong
Sole Bookrunner	**Huatai Financial Holdings (Hong Kong) Limited** 62th Floor, the Center 99 Queen's Road Central Hong Kong
Sole Lead Manager	**Huatai Financial Holdings (Hong Kong) Limited** 62th Floor, the Center 99 Queen's Road Central Hong Kong
Legal Advisers to the Company	*as to Hong Kong and U.S. laws:* **O'Melveny & Myers** 31/F, AIA Central 1 Connaught Road Central Hong Kong *as to PRC law:* **AllBright Law Offices** 9, 11, 12/F, Shanghai Tower 501 Yincheng Middle Road Pudong New Area, Shanghai PRC

Legal Advisers to the Sole Sponsor and Underwriter	*as to Hong Kong and U.S. laws:* **Herbert Smith Freehills** 23/F Gloucester Tower 15 Queen's Road Central Hong Kong *as to PRC law:* **Commerce & Finance Law Offices** 12-14th Floor China World Office 2 No. 1 Jianguomenwai Avenue Beijing PRC
Auditors and Reporting Accountants	**Ernst & Young** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 27/F, One Taikoo Place 979 King's Road Quarry Bay Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** 2504 Wheelock Square 1717 Nanjing West Road Shanghai 200040 PRC
PRC Intellectual Property Legal Adviser	**JunHe LLP Shanghai Office** 26/F, HKRI Centre One HKRI Taikoo Hui 288 Shimen Road (No. 1) Shanghai 200041, PRC
Receiving Bank	**CMB Wing Lung Bank Limited** 45 Des Voeux Road Central Hong Kong

Registered Office, Headquarters and Principal Place of Business in the PRC	Room 302, 3/F, Building 4 No.590 Ruiqing Road East Zhangjiang Hi-Tech Park Pudong New Area Shanghai PRC
Principal Place of Business in Hong Kong	Room 1901, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Company Website	**www.bio-heart.com** (Information contained on this website does not form part of this prospectus)
Joint Company Secretaries	Mr. Yunqing Wang (王雲磬) No. 5-10, Lane 308 Tang Gu Road Hongkou District Shanghai, PRC Ms. Sarah Siu Ying Kwok (郭兆瑩) *(ACG, ACS)* Room 1901, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Authorized Representatives	Mr. Yunqing Wang (王雲磬) No. 5-10, Lane 308 Tang Gu Road Hongkou District Shanghai, PRC Ms. Sarah Siu Ying Kwok (郭兆瑩) Room 1901, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong

Audit Committee	Mr. Charles Sheung Wai Chan (陳尚偉) *(Chairman)* Mr. George Chien Cheng Lin (林潔誠) Mr. Xubo Lu (魯旭波)
Remuneration Committee	Mr. Xubo Lu (魯旭波) *(Chairman)* Mr. Charles Sheung Wai Chan (陳尚偉) Ms. Li Cai (蔡俐)
Nomination Committee	Mr. Philip Li Wang (汪立) *(Chairman)* Mr. Charles Sheung Wai Chan (陳尚偉) Mr. Xubo Lu (魯旭波)
Compliance Adviser	**Maxa Capital Limited** Unit 1908 Harbour Center 25 Harbour Road Wanchai Hong Kong
H Share Registrar	**Computershare Hong Kong Investor Services Limited** Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Principal Bankers	**HSBC Bank (China) Shanghai Branch** LG1-38, IFC Pudong New District Shanghai

*The information and statistics set out in this section and other sections of this Prospectus have been extracted from various official government publications, available sources from public market research and other sources from independent suppliers, and from the independent report (the "**Frost & Sullivan Report**") prepared by Frost & Sullivan. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the Global Offering. The information from official government sources have not been independently verified by us, the Sole Global Coordinator, the Sole Sponsor, the Sole Lead Manager, the Sole Bookrunner and the Underwriter, any of their respective directors, employees, agents or advisors, or any other person or party involved in the Global Offering, and no representation is given as to its accuracy. Accordingly, the information from official government sources contained herein may not be accurate and should not be unduly relied upon.*

OVERVIEW OF CARDIOVASCULAR DISEASES AND THE INTERVENTIONAL MEDICAL DEVICE MARKET

Cardiovascular diseases generally refer to conditions that affect the circulatory system, which consists of the heart, blood vessels and neurohumoral tissues that regulate blood circulation. Cardiovascular diseases are leading causes of death and disability in China and globally, while hypertension is considered as one of the most common risk factors that can lead to various serious cardiovascular diseases. However, currently there are limited effective treatments for such diseases. In recent years, interventional therapies are developing rapidly for the treatment of these diseases, and are progressively replacing traditional therapies such as invasive surgeries and drugs, because they generally involve shorter procedure time and minimal invasiveness, cause fewer post-procedural complications, enable faster recovery, and relieve the patients from long term use and potential side effects of medications.

The markets for interventional therapies targeting cardiovascular diseases and hypertension are at their emerging stages in China. With the escalating incidence of cardiovascular diseases and hypertension, enhanced patient health awareness, increased patient affordability, and improved clinical practice of physicians, it is expected that the markets for interventional medical devices targeting cardiovascular diseases and hypertension will exhibit strong growth in the upcoming years, both in China and globally.

THE PERCUTANEOUS CORONARY INTERVENTIONAL MEDICAL DEVICE MARKET

Coronary Artery Disease and Treatment Solutions

Coronary Artery Disease

Coronary artery disease (CAD), also known as ischemic heart disease, is a type of cardiovascular disease that develops due to the narrowing or blockage of the coronary arteries, usually caused by atherosclerosis. Atherosclerosis is the buildup of plaque on the inner walls of the arteries. When the blood lipid content is high, cholesterol and other substances are prone to deposit on the artery wall and form plaque. These plaque buildups can cause artery stenosis, which can substantially interfere with blood flow and generate lesions. CAD is one of the most common types of organ diseases caused by atherosclerosis.

CAD is usually chronically developed and its occurrence is unpredictable and often deadly. The dynamic nature of the CAD process results in various clinical presentations, which can be categorized as either acute coronary syndromes (ACS) or chronic coronary syndromes (CCS).

- ACS is a range of conditions associated with sudden, reduced blood flow in the coronary arteries. The most common symptom of ACS is chest pain, often radiating to the left shoulder or angle of the jaw, and associated with nausea and sweating. ACS is commonly associated with three clinical manifestations: unstable angina (UA), non-ST-elevation myocardial infarction (NSTEMI) and ST-elevation myocardial infarction (STEMI).

- CCS, also known as stable coronary artery disease (SCAD), is viewed as a type of out-of-hospital counterpart to ACS. Most patients can be given the diagnosis of CCS based on a classic history of angina pectoris in the presence of either risk factors for or known atherosclerotic cardiovascular disease.

The most important behavioral risk factors of CAD are unhealthy diet, physical inactivity, tobacco use and harmful use of alcohol. There are also a number of underlying determinants of CAD, including aging, stress and hereditary factors. With its high morbidity and mortality, CAD seriously threatens human health, especially in the suburban areas.

Prevalence of Coronary Artery Disease

CAD is the most common form of cardiovascular diseases. Due to the aging population and people's sedentary lifestyles, the number of CAD patients in China and globally increased at alarming rates in recent years, and is projected to continue to increase in the future. Particularly, in China, the prevalence of CAD increased from 22.0 million patients in 2015 to 24.6 million patients in 2019 at a CAGR of 2.8%, and is estimated to further increase to 31.7 million patients in 2030 at a CAGR of 2.3% from 2019 to 2030.

Treatment for Coronary Artery Disease

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

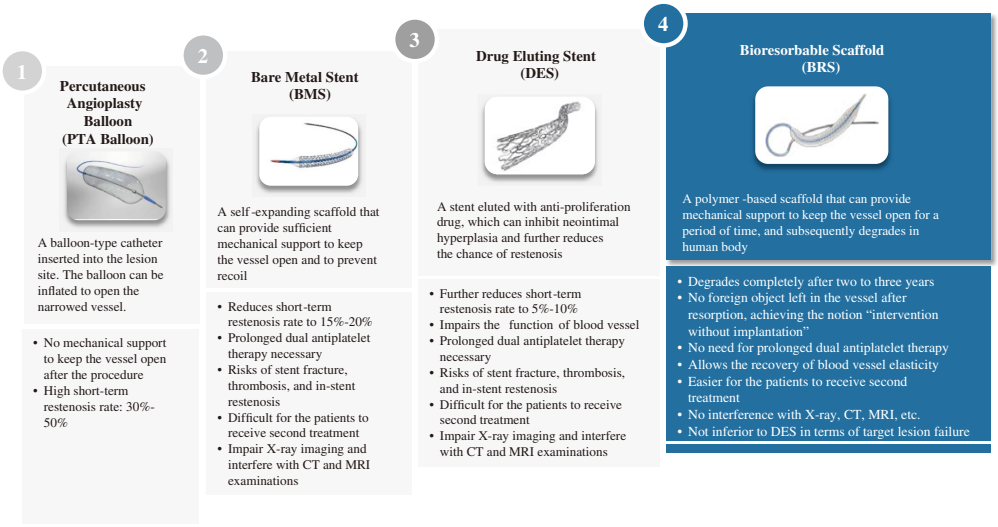
Overview of PCI

PCI is used primarily to open a narrowed or blocked coronary artery and restore arterial blood flow to heart tissue, without requiring open-heart surgery. In patients with a restricted or blocked coronary artery, PCI may be the best option to re-establish blood flow as well as to prevent angina (chest pain), myocardial infarctions (heart attacks) and death. The PCI procedure consists of two parts: angiography and treatment. After the puncture through the radial or femoral artery, an angiography catheter is inserted into the blood vessel and is guided to the coronary sinus with the help of an angiography guidewire. By injecting a radiocontrast agent, the blocked part of the coronary artery can be identified under X-rays. Then a micro-guidewire is passed through the guiding catheter to the narrowed coronary artery. A balloon catheter is then placed into the blocked part through the guiding catheter on the micro-guidewire, and is inflated to compress the blockage against the artery wall. After the blocked part is opened up and the blood flow returns to normal, the balloon catheter is withdrawn. Certain devices such as coronary stents can be placed in the artery to keep the blood vessel open.

Evolvement of PCI Treatment and Coronary Artery Scaffold Implantation

Since the conduct of the world's first successful PCI procedure in Zurich, the interventional treatment for CAD has undergone more than 40 years of development, and the treatment methods evolved from PTA balloons to bare-metal stents (BMS), to drug-eluting stents (DES), and further to bioresorbable scaffolds (BRS). Compared with PTA balloon, BMS can provide sufficient mechanical support to keep the artery open and to prevent recoil, thereby reducing the chance of restenosis. Compared with BMS, DES can further reduce the chance of restenosis, thanks to the anti-proliferation drug eluted on the stents. However, treatment solutions using BMS or DES leave the stents in the human bodies, but actually, once the vessel has healed, it no longer needs a stent to keep it open. The retention of the stent not only hinders the recovery of blood vessel elasticity, but also increases the risk of thrombosis. Leaving a permanent metal implantation inside the human body may also necessitate lifelong medication, hinder further surgery, impair X-ray imaging, and interfere with computer tomography (CT) and magnetic resonance imaging (MRI) examinations. All the aforementioned limitations led to the idea of creating new devices that are able to provide mechanical support when needed and then disappear completely from the vessel, allowing its

natural healing and avoiding the risks associated with permanently leaving a foreign object in the vessel. The diagram below shows the evolvement trends of PCI treatment and coronary artery scaffold, and the advantages and drawbacks of the different products:



*Source: Literature review, the National Center for Biotechnology Information (the "**NCBI**"), European Association of Percutaneous Cardiovascular Interventions (the "**EAPCI**"), and Frost & Sullivan analysis*

BRS can keep the blood vessel open for a period of time, thereby reducing the elastic retraction and acute occlusion of the blood vessel, and preventing restenosis. The anti-proliferation drug eluted on BRS serves a similar purpose as the drug eluted on DES, and can inhibit neointimal hyperplasia. As the vessel heals and no longer need additional radial force to keep it open, BRS can be gradually absorbed by the human body. In this regard, BRS can achieve true anatomical and functional "vascular restoration", instead of merely implanting artificial foreign bodies. After absorption, there would be no residual foreign body in the blood vessel, thereby achieving the notion "leaving nothing behind", namely "intervention without implantation." In addition, as compared with DES products, BRS products have generally demonstrated non-inferior clinical data in terms of target lesion failure, a key safety indicator for stents. The diagram below shows the potential advantages of BRS over DES and BMS*.

Note:

* In addition to BRS, drug coated balloon (DCB) is another innovative therapy featuring angioplasty balloons coated with anti-proliferation drugs. Clinical studies have demonstrated that DCB is also effective in preventing restenosis, without implanting foreign objects into human bodies, thereby achieving the notion "leave nothing behind." But currently, in the field of intracardiac intervention, DCB products are only indicated for treating in-stent stenosis (ISR) or bifurcation lesions (i.e., coronary artery narrowing involving both the main artery and the adjacent side branches) in China.

Potential Advantages of BRS over DES and BMS	BRS	DES	BMS
Sufficient radial support after the procedures	★★★	★★★	★★★
Recovery of vasomotion function	★★★	★★	★
Positive remodeling possible	★★★	★	★
Facilitate reintervention in the treated segment (CABG or PCI)	★★★	★	★
No interference with X-ray, CT, MRI examinations	★★★	★	★

Strong ★★★
Medium ★★
Poor ★

Source: Literature Review, the NCBI, expert interview, and Frost & Sullivan analysis

The BRS technology itself has also undergone rounds of evolution, and strut thickness is the key focus of such technological evolution. Thinner struts will bring substantial advantages including, among others, (i) better maneuverability and flexibility, making it more convenient for physicians to deliver the scaffold to the target lesion, (ii) more lumen area immediately after the scaffold implantation, (iii) better vessel wall apposition performance after scaffold implantation, (iv) lower turbulence in blood flow around struts, which reduces the accumulation of platelets in the scaffold, thereby reducing the risk of post-operation thrombosis along with other biological risks, (v) faster reendothelialization process after scaffold implantation, and (vi) less total size of implant, which is better for the subsequent scaffold reabsorption by the body. However, if the struts are too thin, they may no longer have sufficient radial strength to keep the arteries open, and may be prone to break or recoil. Manufacturing thin BRS products that can maintain sufficient radial force for an appropriate duration requires advanced crafting technology and extensive research on scaffold structure optimization.

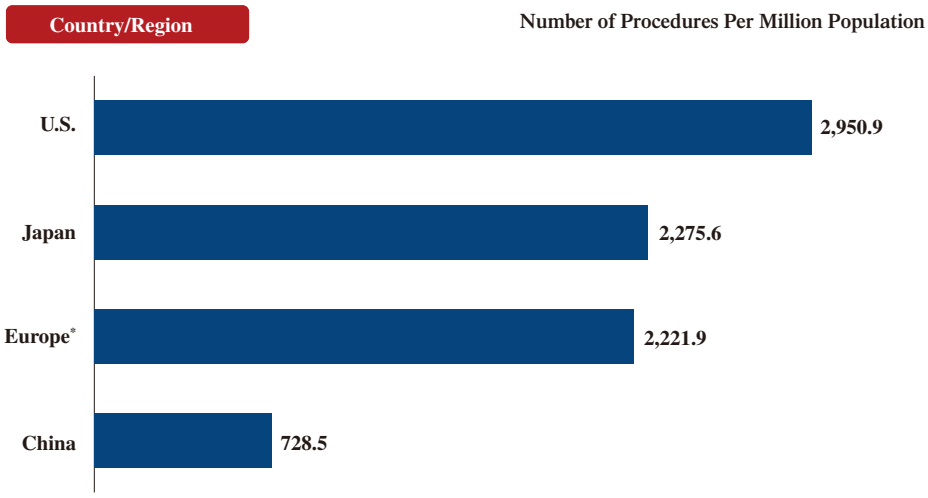
Overview of the PCI Market

Due to factors including the aging population, increasing number of CAD patients and improving accessibility to qualified healthcare institutions, the number of PCI procedures carried out in China increased rapidly from 0.6 million in 2015 to 1.0 million in 2019 at a CAGR of 15.8%. The number is expected to reach 3.2 million by 2030, at a CAGR of 11.0% from 2019 to 2030.

The PCI market for the treatment of CAD in China refers to the total market of PCI-related devices including stents/scaffolds, balloon catheters, DCB products and other medical consumables used in the PCI procedures such as guidewires. As a result of the increasing number of PCI procedures carried out in China, the market size of the PCI market for the treatment of CAD in China grew rapidly from RMB4.8 billion in 2015 to RMB9.2 billion in 2019 at a CAGR of 17.4%. The number is expected to reach RMB28.0 billion by 2030, at a CAGR of 10.6% from 2019 to 2030.

However, there is still a significant gap between China and developed countries and regions with respect to the number of PCI procedures in terms of surgery number per million population, indicating the huge potential of the PCI device market in China in the future. The chart below shows the number of PCI procedures carried out in the U.S., Japan, Europe and China in 2019 per million population:

Volume of PCI Procedures in Global Major Countries and Regions, 2019



* When calculating the number of PCI procedures performed per million population in Europe, the relevant information for the following countries/regions were included: Belgium, Denmark, France, Israel, Italy, Macedonia, Poland, Portugal, Serbia, Spain, Sweden, Switzerland, and the U.K.

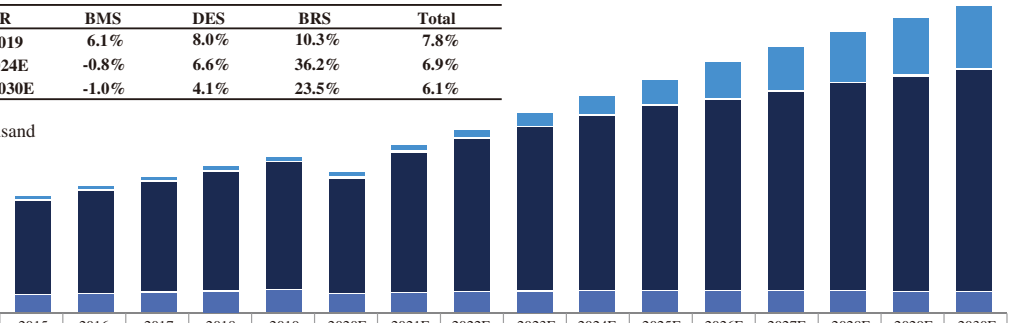
*Source: The National Cardiovascular Data Registry (the "**NCDR**"), the National Center for Cardiovascular Diseases (the "**NCCD**"), the China Cardiovascular Intervention Forum (the "**CCIF**"), literature review, expert interview, and Frost & Sullivan analysis*

With the increasing demand for PCI procedures, the volume of stent/scaffold used in PCI procedures had also demonstrated strong growth in recent years, and is expected to continue to increase, both in China and globally. Because of the benefits demonstrated by BRS as compared to BMS and DES, the volume of BRS used has been growing, and is expected to continue to grow, at a much higher rate than DES, and the volume of BMS used is expected to decrease over the next decade. The chart below shows the historical and forecasted volume of PCI procedures with BRS, DES and BMS implant globally, respectively:

Historical and Forecasted Volume of Stents/Scaffolds Used in PCI Procedures Globally, Breakdown by Types, 2015-2030E

CAGR	BMS	DES	BRS	Total
2015-2019	6.1%	8.0%	10.3%	7.8%
2019-2024E	-0.8%	6.6%	36.2%	6.9%
2024E-2030E	-1.0%	4.1%	23.5%	6.1%

Thousand



	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
BRS	100.3	108.0	116.6	125.4	148.3	158.9	199.1	266.9	480.5	696.3	957.0	1,421.9	1,698.3	1,973.9	2,239.5	2,476.0
DES	3,713.1	4,046.9	4,355.6	4,722.3	5,046.7	4,554.0	5,553.2	6,065.3	6,513.2	6,940.4	7,333.2	7,570.1	7,914.7	8,255.6	8,550.4	8,842.8
BMS	674.3	716.7	760.0	806.0	855.0	715.4	751.8	782.5	806.5	822.9	831.3	831.3	831.3	814.4	797.7	773.3
Total	4,487.7	4,871.5	5,232.2	5,653.7	6,050.0	5,428.2	6,504.1	7,114.8	7,800.2	8,459.6	9,121.6	9,823.3	10,444.4	11,043.9	11,587.6	12,092.1

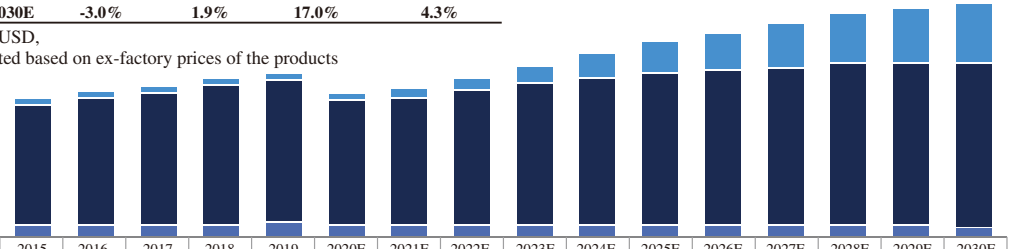
Source: The NCDR, the NCCD, the CCIF, literature review, expert interview, and Frost & Sullivan analysis

The chart below shows the historical and forecasted market size of PCI procedures with BRS, DES and BMS implant globally, respectively:

Historical and Forecasted Market Size of Stents/Scaffolds Used in PCI Procedures Globally, Breakdown by Types, 2015-2030E

CAGR	BMS	DES	BRS	Total
2015-2019	4.0%	4.6%	9.9%	4.7%
2019-2024E	-2.7%	0.5%	32.5%	2.3%
2024E-2030E	-3.0%	1.9%	17.0%	4.3%

Billion USD,
Calculated based on ex-factory prices of the products



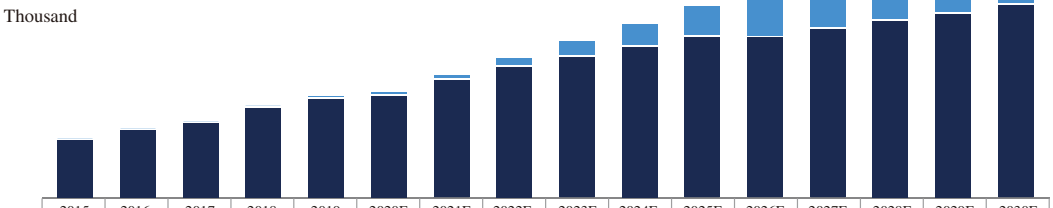
	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
BRS	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.4	0.6	0.9	1.2	1.4	1.7	1.9	2.1	2.3
DES	4.7	5.0	5.2	5.5	5.6	4.9	5.0	5.3	5.6	5.8	6.0	6.1	6.2	6.4	6.4	6.5
BMS	0.4	0.4	0.4	0.4	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.3
Total	5.3	5.5	5.8	6.1	6.3	5.5	5.7	6.1	6.6	7.1	7.6	8.0	8.3	8.7	8.9	9.1

Source: Company annual report, literature research, expert interview and Frost & Sullivan analysis

The growth trend for BRS products in the China market is even more prominent. The volume of BRS used in PCI procedures in China was 11.7 thousand in 2019, which number is expected to grow to 1.3 million in 2030 at a CAGR of 53.3% from 2019 to 2030. In 2019, among all the stents/scaffolds used in PCI procedures in China, the volume of BRS products used accounted for only approximately 0.8%; it is expected that such number will increase to approximately 31.0% by 2030. The chart below shows the historical and forecasted volume of BRS, DES and BMS products used in PCI procedures in China, respectively:

Historical and Forecasted Volume of Stents/Scaffolds Used in PCI Procedures in China, Breakdown by Types, 2015-2030E

CAGR	BMS	DES	BRS	Total
2015-2019	-57.3%	14.7%	-	14.8%
2019-2024E	-100.0%	9.0%	92.1%	11.6%
2024E-2030E	-	4.1%	27.1%	8.4%



	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
BRS	0.0	0.0	0.0	0.0	11.7	19.5	44.4	91.4	207.0	306.3	422.8	713.0	860.9	1,002.0	1,149.3	1,289.0
DES	848.4	997.2	1,105.5	1,335.6	1,467.2	1,517.9	1,751.7	1,953.4	2,100.7	2,252.5	2,401.7	2,390.9	2,519.2	2,645.5	2,750.6	2,873.1
BMS	3.0	2.5	1.7	0.7	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	851.4	999.7	1,107.1	1,336.3	1,479.0	1,537.4	1,796.0	2,044.8	2,307.7	2,558.8	2,824.5	3,103.9	3,380.1	3,647.5	3,899.9	4,162.0

Note: The impact of COVID-19 in 2020 and the impact of centralized procurement starting from October 2020 have been taken into consideration when calculating the volume of stents, and it is assumed that volume of BMS will reduces to nil due to the execution of centralized procurement policy on stents from 2021. The above forecast was made based on available data as of the third quarter of 2020.

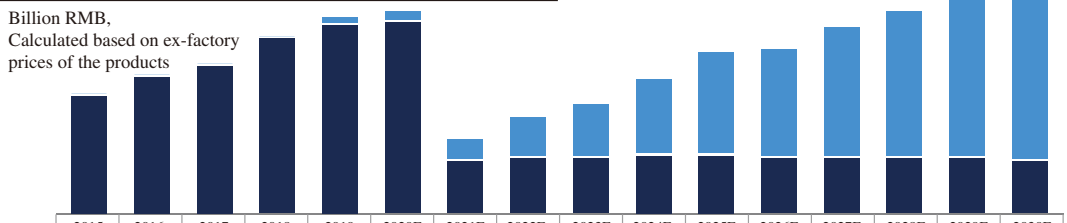
Source: Company annual report, literature research, expert interview and Frost & Sullivan analysis

Among the three types of stents (i.e., BMS, DES and BRS) currently available for use in PCI procedures in China, BMS represents an old generation stent and has been gradually replaced by DES and BRS. As illustrated by the chart above, the number of BMS used in PCI procedures in China has decreased by 57.3% from 2015 to 2019 and is expected to further decrease over the next decade. DES is currently the prevailing stent used in PCI procedures in China. With the increasing demand for PCI procedures in China, the volume of DES used in PCI procedures is expected to continue to increase. However, as a result of the impact of the centralized procurement policy applicable to DES newly adopted by the Chinese government in 2020, the market size of DES in China is expected to drop by 72.9% from 2020 to 2021 and is not expected to see any material growth for the next decade, primarily because the centralized procurement resulted in a significant decline in price of DES products (i.e., reducing from approximately RMB13,000 per unit to approximately RMB700 per unit). The centralized procurement policy intends to make DES accessible to a wider population of patients. However, as a result of the significant decline in price, it is expected that many DES manufacturers will be prone to develop and produce other more innovative high-end medical devices with higher margins, and to reduce their investments in developing, manufacturing and promoting their DES products, and the increased volume of DES used in PCI procedures may not make up for the negative impact on the market size of DES brought by the significant decline in price. In contrast, the manufacturers, distributors and other relevant industry players are expected to have much more incentive to promote BRS products. Therefore, BRS is expected to be better positioned than DES to capture the growth potential of the PCI device market in China.

The market size of BRS products in China is expected to grow from RMB0.2 billion in 2019 to RMB6.6 billion in 2030 at a CAGR of 38.5%. In 2019, the market size of BRS products in China accounted for approximately 2.6% of the total market size of stents/scaffolds used in PCI procedures in China; it is expected that such number will increase to approximately 77.2% by 2030. The chart below shows the historical and forecasted market size of PCI procedures with BRS, DES and BMS implant in China, respectively:

Historical and Forecasted Market Size of Stents/Scaffolds Used in PCI Procedures in China, Breakdown by Types, 2015-2030E

CAGR	BMS	DES	BRS	Total
2015-2019	-58.2%	12.4%	-	13.1%
2019-2024E	-100.0%	-21.3%	71.8%	-7.4%
2024E-2030E	-	-1.1%	15.8%	10.0%



	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
BRS	0.0	0.0	0.0	0.0	0.2	0.3	0.7	1.4	1.9	2.7	3.7	3.9	4.7	5.3	6.0	6.6
DES	4.3	5.0	5.4	6.4	6.9	7.0	1.9	2.0	2.0	2.1	2.1	2.0	2.0	2.0	2.0	1.9
BMS	0.0	0.0	0.0	0.0	0.0	0.0	-	-	-	-	-	-	-	-	-	-
Total	4.3	5.0	5.4	6.4	7.1	7.3	2.6	3.4	3.9	4.8	5.8	5.9	6.7	7.3	8.0	8.5

Note: The impact of COVID-19 in 2020 and the impact of centralized procurement of stents starting from October 2020 have been taken into consideration when calculating the market size of stents, and it is assumed that the market size of BMS will reduce to nil due to the execution of centralized procurement policy on stents from 2021. The above forecast was made based on available data as of the third quarter of 2020.

Source: Company annual report, literature research, expert interview and Frost & Sullivan analysis

Competitive Landscape of the BRS Product Market in China for the Treatment of CAD

The BRS product market in China for the treatment of CAD is expected to continue to be dominated by a few domestic players, according to Frost & Sullivan. The ability to develop advanced products with thinner strut thickness while able to maintain sufficient radial force is anticipated to be the key distinguishing factor for competing in this market. As of the Latest Practicable Date, only two BRS products were commercialized in China, both of which were 1st generation (with strut thickness of over 150μm) BRS products made by domestic Chinese developers. The lack of 2nd generation (with strut thickness of less than 150μm) products in the China market, as well as the difficulties international players would face when entering into the China market, indicate a huge underserved market and a significant growth potential for domestic Chinese players which can launch 2nd generation BRS products soon.

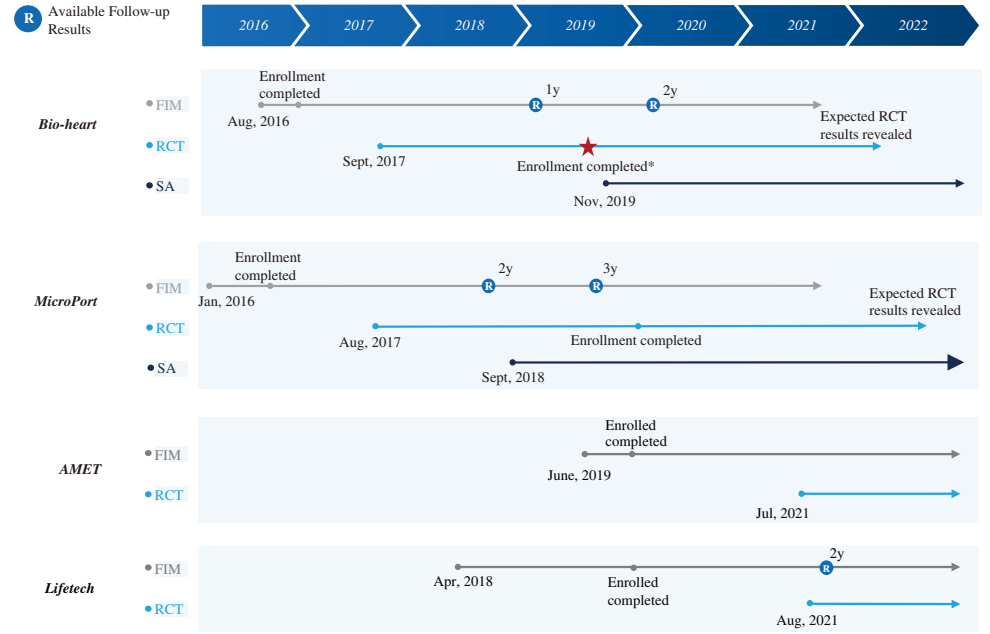
The diagram below shows the features of the commercialized and clinical-stage BRS products in the China market as of the Latest Practicable Date:

	Commercialized Drug Eluting BRS		Clinical-Stage Drug Eluting BRS			
Manufacturer	**Lepu Medical**	**Shandong BioHuaan**	**Bio-heart**	**MicroPort**	**AMET**	**Lifetech**
Product Name	NeoVas	Xinsorb	Bioheart	Firesorb	Amsorb	IBS
Strut Thickness (μm)	170	160	125-145	100-125	140-150	70-80
Radial Force (N/mm)	1.4	1.1	1.4	1.2	Unknown	Unknown
First-in-human Trial (FIM)	Completed	Completed	Completed	Completed	Completed	Completed
Randomized Controlled Trial (RCT)	Completed	Completed	In Progress	In Progress	In Progress	In Progress
Approval Time	2019	2020	N/A	N/A	N/A	N/A
Imaging Marker	4 (manually embedded)	4 (manually embedded)	4 (embedded by machine)	N/A	2	Unknown
***Public Tender Price (RMB)**	29,970	39,800	N/A	N/A	N/A	N/A
Governmental Reimbursement Coverage	No	No	N/A	N/A	N/A	N/A

* *Public tender price may vary for different provinces, so a median price is used for each product in this table.*

Source: The NMPA, the CMDE, Company website, and Frost & Sullivan analysis

All of the products and product candidates in the above table used polymer poly (L-lactide) (PLLA) material for scaffolds, except for Lifetech's IBS which is an iron-based alloy BRS product candidate. Among all the four clinical-stage BRS product candidates in China, AMET's Amsorb is a 3D-printed BRS product candidate that has recently initiated FIM. MicroPort's Firesorb generally has a thinner stent strut as compared with Bioheart® while its radial force is weaker than Bioheart®. Both of Bioheart® and Firesorb have entered the RCT stage while the patient enrollment of the RCT for Bioheart® was completed earlier than that for Firesorb. Lifetech recently received the approval to conduct RCT in China, but as of the Latest Practicable Date, it had not commenced patient enrollment for such clinical trial, according to Frost & Sullivan. The diagram below shows the development progress of clinical-stage BRS products in the China market:



Note:

* *The expected time of trial results revealed presented above is estimated based on the Guidelines for Clinical Trials of Bioresorbable Coronary Drug-Eluting Stents (《生物可吸收冠狀動脈藥物洗脫支架臨床試驗指導原則》) promulgated by the NMPA.*

Source: The CMDE, Company website, and Frost & Sullivan analysis

BRS product manufacturers not only compete in the product research and development capabilities, but also vigorously compete in the commercialization capabilities in many respects, such as the sales and marketing capabilities, the abilities to establish and expand distribution network and the relationship with hospitals. Among all the three manufacturers with clinical-stage BRS products in China, MicroPort is the leading market player (in terms of number of staff and sales representatives) and has well-established distribution network for medical devices and deep relationship with Class III hospitals in China. This may gain MicroPort strong advantages over the other two manufacturers upon the commercialization of their BRS product candidates.

In the global market, as of the Latest Practicable Date, there were three BRS products approved for commercialization in Europe (including two 1st generation products, Biotronik's Magmaris and Elixir Medical's DESolve, and one 2nd generation product, Meril's MeRes 100) but none of them had received any regulatory approvals based on RCT clinical trial results. All of the above mentioned products, namely Biotronik's Magmaris, Meril's MeRes 100 and Elixir Medical's DESolve, used PLLA material for scaffolds. There were another two 2nd generation BRS product candidates manufactured by international players under development in global market while none of them had been reported to initiate an RCT as of the Latest Practicable Date. Based on the current development status, Bioheart® is expected to be the world's first second-generation BRS system receiving regulatory approval based on multi-center RCT results, according to Frost & Sullivan.

Entry Barriers of the BRS Product Market

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

- *Advanced technologies in product design and manufacturing.* As a type of high-end Class III medical device, BRS products involve highly sophisticated technologies. For example, using bioresorbable materials to make small stents with thin strut thickness, while maintaining sufficient radial strength of the stents, involve a lot of advanced technologies and practical know-how. Only mature companies with sophisticated product design and manufacturing technologies can overcome these challenges. Similarly, finding the right dosage for the drug eluted on the stents also requires extensive research and experience, which new players usually lack.

- *Ability to conduct effective market education and promotion.* Currently, DES products are widely used in PCI procedures in China, and as a result of the implementation of the centralized procurement policies, the price of DES in China has fallen sharply. Companies manufacturing BRS products would need to spend significant efforts on market education to convince physicians and patients of the benefits of BRS over DES, the cost of such market education might not be affordable for new entrants.

- *Full-suite treatment solutions that cover the entire operation procedures*. In addition to the stents, PCI procedures also involve the use of a number of supporting devices, including, among others, balloon catheters, and guidewires. Established companies are able to develop and manufacture all such devices, and make them seamlessly compatible with each other. In contrast, new entrants would have to rely on supporting devices manufactured by other companies, which might not be perfectly compatible with the stents they make. In addition, established companies can offer physicians a one-stop solution featuring a full suite of medical devices covering the entire operation procedure, which not only allows them to design more flexible pricing strategies for such different devices, but also can significantly improve the physicians' user experience, and enhance the market acceptance of their products.

- *Strict regulations and policies*. The regulatory regime of Class III interventional devices is very strict particularly for BRS products. For example, before a BRS product can be approved for commercialization, the manufacturer needs to conduct extensive pre-clinical studies and needs to complete multiple rounds of clinical trials (including a feasibility clinical trial, a randomized controlled clinical trial and a single arm clinical trial), which would take a very long time to complete (at least 8 years, according to Frost & Sullivan), and would involve significant costs. In the future, the NMPA may further raise the standards for such products. Established companies have more resources to quickly respond to, and to strictly comply with, such regulations and policies, and it might be difficult for new participants to do the same.

Growth Drivers and Future Trends for the BRS Product Market

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

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

- *Improving accessibility of BRS products.* The steady economic growth in China is expected to improve the accessibility of BRS products. From 2015 to 2019, healthcare expenditure per capita in China has grown from RMB2,980.8 to RMB4,656.7, and it is expected to reach RMB12,190.8 by 2030. The increasing disposable income and healthcare expenditure per capita in China is expected to enhance patients' willingness to choose the most optimal treatment solution when they undergo life-threatening procedures.

- *Technological innovations that further improve the safety and efficacy profiles of BRS products.* It is expected that more technological innovations in the field of BRS, whether related to the device (e.g., even thinner struts, faster absorption rate, better drug-releasing mechanisms) or related to the operation procedure (e.g., pre-treat the vessels prior to the procedure, pre-dilatation and post-dilatation with appropriate balloon catheters) will further enhance the products' and/or the procedure's safety and efficacy profiles, thereby encouraging more people to choose the BRS therapy.

Peripheral Artery Disease and Treatment Solutions

Peripheral Artery Disease

Peripheral artery disease (PAD) refers to diseases of the blood vessels located outside the heart or brain. Similar to CAD, PAD is primarily caused by atherosclerosis, where fatty deposits (plaque) build up on the artery walls and reduce blood flow. PAD can happen in any blood vessel outside the heart or brain, but it occurs more often in lower limbs. For PAD that occurs in the lower limbs, it is referred to as lower extremity peripheral artery disease (LEAD). People who smoke or have diabetes have greater risk of developing PAD/LEAD. Other risk factors include obesity, hypertension, high cholesterol, family history of peripheral artery disease, heart disease or stroke and high levels of homocysteine, among others.

Prevalence of Lower Extremity Peripheral Artery Disease

The prevalence of LEAD in China increased from 35.8 million patients in 2015 to 39.6 million patients in 2019 at a CAGR of 2.5%, and is estimated to further increase to 49.8 million patients in 2030 at a CAGR of 2.1% from 2019 to 2030.

Treatment for Lower Extremity Peripheral Artery Disease

Similar to those for CAD, treatments for LEAD include medications, traditional open surgeries, and minimally invasive interventional procedures. Medications can help control risk factors such as high blood sugar, hypertension and high cholesterol. In some cases of very severe LEAD, open surgeries are necessary, such as endothelial dissection (in which process the physician makes a small incision to expose the damaged artery and then removes any substances that impede blood flow) and bypass surgery (in which process the physician takes a section of healthy blood vessel from another part of the body and uses it to connect the healthy artery across the narrowed portion of the artery). Percutaneous interventional treatment is an alternative method for the treatment of LEAD, and is becoming the preferred choice of patients and physicians for the treatment of LEAD, because it generally causes fewer complications, allows faster recovery, and is relatively cheaper as compared to open surgeries. Percutaneous transluminal angioplasty (PTA) is a percutaneous interventional procedure to open up blocked peripheral arteries, allowing blood to circulate unobstructed. In a PTA procedure, the physician inserts a balloon-type catheter into an artery in the patient's groin or arm, and then inflates the balloon several times to push the fatty deposits against the artery wall. With the help of X-ray, the physicians can make sure the vessel is opened. When blood flows freely through the artery, the balloon catheter will be taken out. Scaffolds including bare metal scaffolds (BMS), drug-eluting scaffolds (DES) and bioresorbable scaffolds (BRS) may be placed within the peripheral artery to keep the vessel open.

Alternatively, physicians can use drug coated balloon (DCB) to deliver anti-proliferation drug to the target lesions, thereby reducing the chances of restenosis and recoil.

PTA balloon was the mainstream interventional therapy to treat PAD/LEAD, but it has several limitations. Many patients suffer from restenosis approximately 4-6 months after the PTA procedures, due to retraction and/or hyperplasia. In recent years, many innovative interventional medical devices are being developed, aiming to address such problems associated with retraction and/or hyperplasia.

Particularly, DCB and BRS are regarded as two of the few most promising treatment solutions for LEAD, because both such treatment solutions offer the following benefits over other comparable treatment methods:

- *Drug Coating to Suppress Hyperplasia*. The anti-proliferation drugs coated on the DCB or BRS can mitigate foreign body reaction such as inflammation along with other related complications occurring at the implantation site, thereby suppressing hyperplasia.

- *Leave Nothing Behind*. The use of DCB does not involve implantation of foreign objects into human bodies, and BRS can be fully absorbed by human body after a period of time, so both such treatment methods can achieve the notion "leaving nothing behind."

As compared with DCB, BRS can provide stronger radial support to keep the vessel open for a period of time after the procedure, is more suitable for treating calcified lesion, and can reduce the occurrence of arterial dissection.

Competitive Landscape of the BRS Product Market for the Treatment of LEAD

In recent years, DCB has gradually become the leading treatment method for LEAD. As of the Latest Practicable Date, on the China market, there were four NMPA-approved DCB products indicated for the treatment of superficial femoral (SFA) and popliteal arteries (PPA) lesions, and one NMPA-approved DCB product indicated for the treatment of below-the-knee (BTK) lesions.

The market for BRS product for the treatment of LEAD is at its very early stage of development. As of the Latest Practicable Date, there was no commercialized BRS product indicated for the treatment of LEAD in the world, leaving significant room for future growth. Forerunners in this market are expected to enjoy significant first mover advantages. As of the Latest Practicable Date, Shanghai Bio-heart Biological Technology Co., Ltd. was one of the few companies with BRS product candidates targeting the treatment of LEAD (specifically, below-the-knee lesions) under development, according to Frost & Sullivan.

Vascular Calcification and Treatment Solutions

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

The presence of VC is not only often associated with major adverse cardiovascular events, but also makes open surgeries and PCI procedures more challenging. VC increases the likelihood of procedural failure, as well as post-procedure complications (e.g., vessel closure and dissection). In recent years, modified versions of PTA balloons such as scoring balloons and cutting balloons were developed, which improve vessel compliance by creating discrete incisions in the atherosclerotic plaque, enabling greater lesion expansion and reducing recoil while preventing uncontrolled dissections. However, for patients with severe calcification, scoring balloons, cutting balloons and high-pressure balloons might also not be able to reliably dilate vessels containing rigid calcium plaques. Therefore, when treating patients with severe calcification, physicians typically need to pre-treat the vessels to remove the calcified plaques.

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

Impulse Balloon Catheter Intravascular Lithotripsy (Impulse Balloon Catheter IVL)

Impulse balloon catheter IVL uses sound pressure waves to destroy calcium with minimal impact on soft tissues. Energy is delivered through the balloon catheter, and is then transmitted to the wall of the balloon, which is inflated at low pressure, to achieve sufficient diameter to contact the vessel wall. The shock energy reaches the calcified segment of the vascular tissue and breaks such calcified parts.

Impulse balloon catheter IVL has several advantages to treat VC as compared to other treatment methods, including:

- *Safe.* By relying on locally delivered sonic pressure, impulse balloon catheter IVL can safely modify both intimal and medial calcium without causing perforations, distal embolization or damage to the vasculature and surrounding tissues.

- *Effective.* Impulse balloon catheter IVL create shockwaves that penetrate through the entire depth of the vessel wall, modifying calcium in the intimal and medial layers of the vessel.

- *Easy to use.* Physicians use impulse balloon catheter IVL essentially in the same way as they use standard angioplasty catheters, so it involves lower learning curve, shorter physician training time, and can reduce the possibility of human error during the procedures. After the calcium plaques are removed, physicians maintain the ability to use other interventional tools of their choice.

As of the Latest Practicable Date, only one impulse balloon catheter IVL product candidate, namely the Shockwave IVL System, had entered into clinical trial stage in China, according to Frost & Sullivan, leaving a large untapped market and significant room for future growth. Forerunners in this market are expected to enjoy significant first mover advantages. Currently, there are a number of players with impulse balloon catheter IVL product candidates under development, including Shanghai Bio-heart Biological Technology Co., Ltd.

Centralized Procurement of High-value Medical Devices

Overview of Centralized Procurement of High-value Medical Devices

Nurturing a vigorous, healthy healthcare market and preventing unreasonable increases in medical expenses has been one of the main goals of the regulators of the healthcare industry in the PRC. In the past few years, the competent authorities adopted a number of administrative measures aiming to achieve such goal.

For example, in July 2019, the General Office of the State Council issued the *Notice on Printing and Distributing the Reform Plan for the Governance of High-value Medical Consumables* (《關於印發〈治理高值醫用耗材改革方案〉的通知》), which encourages local governments to adopt the "Two Invoice System" to promote pricing transparency in the medical consumables industry in China, and to ensure compliance with laws by market participants. The new rules allow a maximum of two invoices between a manufacturer and hospitals — each manufacturer will sell to a distributor and that distributor will sell directly to hospitals, eliminating multi-tiered distribution.

Starting in January 2020, many provinces and municipalities in the PRC began to establish "centralized procurement pilot programs" to centralize the bidding and procurement process for medical products. In July 2020, the NHSA issued the *National Organized Centralized Procurement for Coronary Stent (Draft for Comments)*《國家組織冠脈支架集中帶量採購方案(徵求意見稿)》, calling for the standardization of centralized procurement of coronary artery stents.

On November 5, 2020, Tianjin Medical Purchasing Center implemented the *National Organized Centralized Procurement for Coronary Artery Stent* (《國家組織冠脈支架集中帶量採購文件》). This was the first national-level centralized procurement of high-value medical devices in China. As compared to the "Two Invoice System," it further downplayed the role of distributors, and allowed the nationwide medical institution alliance to directly purchase from manufacturers. Following the bidding process, ten DES products were selected, with an average price reduction of approximately 94.6% as compared to the public tender price for such products before the implementation of the centralized procurement policies.

Potential Impact of Coronary Artery Scaffold Centralized Procurement

According to Frost & Sullivan, DES is a mature product that had entered the China market for almost 20 years, which was one of the key reasons it was selected by the regulators as the first target of centralized procurement; for more innovative medical devices, it is unlikely that the regulators will mandate centralized procurement for those products, at least not in the short term.

The centralized procurement policy is only applicable to DES products, and will not directly affect the pricing of BRS products. The significant drop in the price of DES products will reduce the economic burden of a large number of patients, especially for those with relatively low income, allowing more patients to receive PCI treatment; however, for patients with sufficient purchase power, it is expected that the price itself would not be a key factor in determining which device to use when they undergo life-saving procedures such as PCI, and responsible physicians will still have incentives to recommend more advanced products such as BRS to their patients. Therefore, it is currently expected that the lower price of DES products would not significantly affect physicians' and patients' willingness to use BRS products, and the market share of BRS manufacturers would not be materially and adversely affected by the implementation of the centralized procurement policy, according to Frost & Sullivan. For medical institutions, centralized procurement saves the cost and transaction time of procurement. In the short term, the profit margin of DES manufacturers will be materially and adversely affected, however, in the long term, such manufacturers may also benefit from centralized procurement, as they are encouraged to develop and produce other more innovative high-end medical devices with higher margins. Moreover, greater market transparency in the high-value medical consumable industry can be anticipated following the implementation of centralized procurement policies, which helps nurture a healthier, and more sustainable, industry.

THE RENAL DENERVATION MEDICAL DEVICE MARKET

Uncontrolled and Resistant Hypertension and Treatment Solutions

Uncontrolled and Resistant Hypertension

Hypertension is a leading risk factor for cardiovascular disease and a significant cause of morbidity and mortality. According to Frost & Sullivan, over one fourth of Chinese adults had hypertension as of 2019, and only approximately 22.0% of such patients had it under control (i.e., their blood pressure can be maintained below the treatment goal (average SBP below 140 mmHg and average DBP below 90 mmHg) relatively easily, with lifestyle changes and/or mild medications). On the other extreme, hypertension is considered resistant when the patient is taking at least three different types of antihypertensive medications (including diuretic) at their maximally tolerated doses, but the blood pressure still cannot be maintained below the 140/90 mmHg treatment goal. For hypertension cases which are more severe than controlled hypertension, but less severe than resistant hypertension, they are referred to as uncontrolled hypertension.

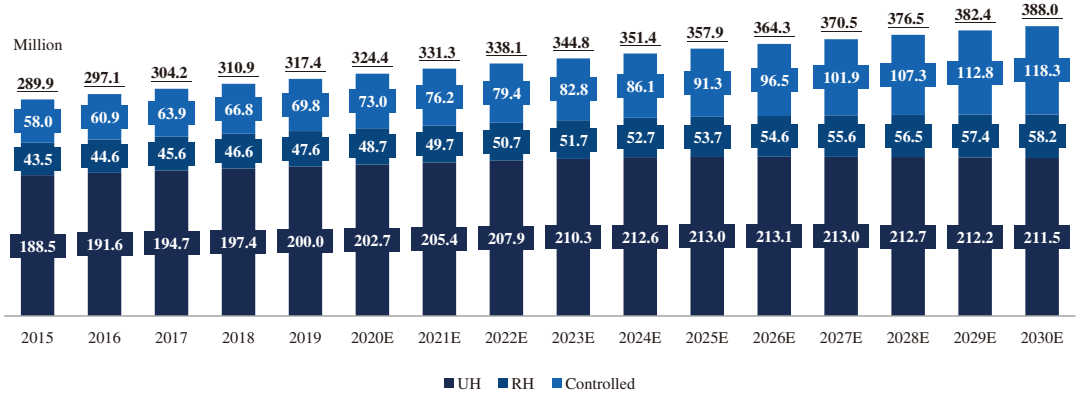
Prevalence of Hypertension in China and Japan

Due to factors such as the aging population and people's unhealthy lifestyles, the prevalence of hypertension has shown an upward trend, both in China and in Japan. The number of hypertension patients in China increased steadily from 289.9 million in 2015 to 317.4 million in 2019 at a CAGR of 2.3%, and is projected to continue to increase to reach 388.0 million in 2030 at a CAGR of 1.8% from 2019 to 2030. In Japan, the number of hypertension patients increased from 37.5 million in 2015 to 40.1 million in 2019 at a CAGR of 1.7%, and is projected to continue to increase to reach 42.4 million in 2030 at a CAGR of 0.5% from 2019 to 2030. Particularly, the average age of patients with uncontrolled or resistant hypertension in China gradually decreased in recent years, with more and more young people diagnosed with uncontrolled or resistant hypertension.

According to Frost & Sullivan, in 2019, approximately 15% of hypertension patients in China and approximately 13% of hypertension patients in Japan suffered from resistant hypertension, and approximately 63% of hypertension patients in China and approximately 72% of hypertension patients in Japan suffered from uncontrolled hypertension. Such rates are greatly affected by genetic factors, and do not significantly change over time. As a percentage of all hypertension patients, uncontrolled hypertension patients in China and Japan are expect to gradually decrease over the next few years, with the improved health awareness and advancements in diagnostic methods. But in absolute numbers, the number of uncontrolled hypertension patients is estimated to continue to increase. The following charts illustrate the historical and forecasted prevalence rates of hypertension (including controlled hypertension, uncontrolled hypertension (UH) and resistant hypertension (RH)) in China and in Japan:

Historical and Forecasted Prevalence of Hypertension in China, Breakdown by Types, 2015-2030E

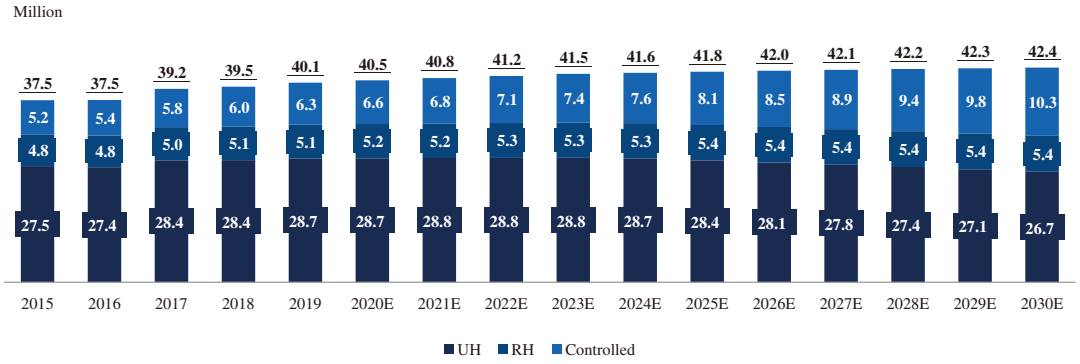
CAGR	Controlled	RH	UH	Total
2015-2019	4.8%	2.3%	1.5%	2.3%
2019-2024E	4.3%	2.1%	1.2%	2.1%
2024E-2030E	5.4%	1.7%	-0.1%	1.7%



Source: The NCCD, Nature, literature research, expert interview, and Frost & Sullivan analysis

Historical and Forecasted Prevalence of Hypertension in Japan, Breakdown by Types, 2015-2030E

CAGR	Controlled	RH	UH	Total
2015 -2019	5.2%	1.7%	1.0%	1.7%
2019 -2024E	3.7%	0.7%	0.0%	0.7%
2024E -2030E	5.2%	0.3%	-1.2%	0.3%



Source: The Japanese Society of Hematology (JSH), the World Health Organization (WHO), Nature, literature research, expert interview, and Frost & Sullivan analysis

Treatment Solutions for Hypertension

According to Frost & Sullivan, the annual worldwide medical expenditures in relation to the treatment of hypertension amounted to approximately US$400 billion in 2019, which number is expected to further increase in the near future. Currently, there are three major treatment methods for hypertension, including lifestyle intervention (e.g., controlling weight, limiting salt intake and alcohol intake, increasing physical activities, reducing mental stress, etc.), pharmacotherapy, and interventional therapies (e.g., ablation of renal sympathetic nerves (renal denervation)).

In China, according to the Chinese Hypertension Health Management Specification (2019 edition) and the Chinese Hypertension Prevention and Treatment Guidelines (2018 edition), there are three main treatment methods for refractory hypertension, i.e., lifestyle changes, pharmacotherapy and interventional or instrumental therapy. In Japan, according to the Japanese Society of Hypertension Guidelines for the Management of Hypertension (JSH 2019), there are two main treatment methods for hypertension, i.e., lifestyle changes and antihypertensive treatment consisting of medications and interventional or instrumental therapy.

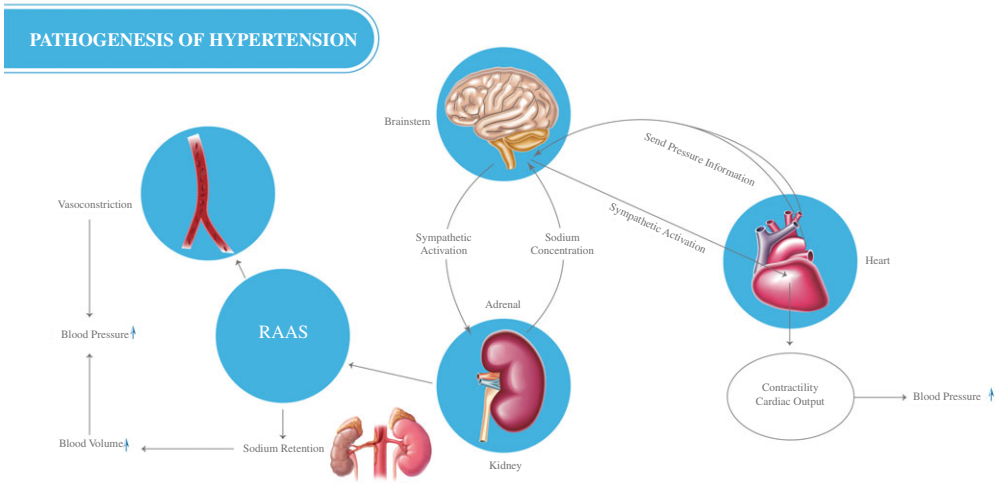
Adopting healthier lifestyles is always recommended, but lifestyle changes alone are difficult to treat uncontrolled or resistant hypertension. Pharmacotherapy alone is difficult to treat resistant hypertension, and even though it is effective in treating uncontrolled hypertension, pharmacotherapy requires uncontrolled hypertension patients to take a large amount of medications, at short intervals, for a very long term, and patients need to visit hospitals frequently for further check-ups and medication prescriptions. Many patients, especially young patients, often find such disruption to their daily lives unappealing, or even unacceptable. Antihypertensive drugs also have side effects (including diarrhea, dizziness, constipation, nausea, skin rash and weight loss, among others) and may interference with

other medications. For example, thiazide diuretics may cause or worsen diabetes, beta blockers can worsen asthma and heart failure, and patients who are pregnant or planning a pregnancy may not be suitable for pharmacotherapy as they are subject to various restrictions on medication intake. As a result, hypertension patients' adherence to pharmacotherapy had been poor. According to Frost & Sullivan, approximately half of uncontrolled or resistant hypertension patients stopped taking their medications as prescribed by the physicians within one year of starting them, and approximately 20% of uncontrolled or resistant hypertension patients barely even tried to adhere to their physicians' pharmacotherapy prescriptions in the first place. Therefore, there exist unmet medical needs for effective, long-term alternative therapies, and the RDN therapy is gaining increasing attention as a promising therapy.

Renal Denervation Therapy and its Development History

Blood pressure is controlled by a complex interaction of signaling from several systems within the body, including the nervous system, circulatory system, and endocrine (hormonal) systems. The nerves running to and from the kidney are especially important in the control of blood pressure. The excessive activation of the sympathetic nervous system in the kidney can lead to inappropriate activation of the renin-angiotensin-aldosterone system (RAAS), thereby causing enhanced vasoconstriction, abnormal sodium handling by the kidney, and increased blood volume, which may result in elevated blood pressure. In addition, excessive activation of the sympathetic nervous system may also affect the heart, causing increased cardiac output, which may also result in elevated blood pressure.

Renal denervation (RDN) is a minimally invasive procedure that uses ablation to destroy the nerves in the renal arteries without damaging the arteries. The process causes a reduction in the nerve activity, which helps decrease blood pressure. Currently, there are two types of technologies that can be used in RDN therapies: (i) radiofrequency or ultrasonic ablation which uses high-frequency electromagnetic waves or ultrasound to increase the temperature of the target tissue and cause coagulative necrosis, and (ii) cryoablation which uses liquid refrigerant to lower the temperature of the target tissue and destroy the abnormal cellular tissue. The following diagram illustrates some of the key pathophysiologic factors leading to hypertension, and the important roles played by the sympathetic nervous system in the kidney in regulating blood pressure, which help explain why RDN therapy could be effective in treating hypertension:



The RDN treatment does not involve permanent implantation, is minimally invasive, and takes highly selective actions on renal sympathetic nerves. Therefore, RDN procedures typically involve few side effects, no systemic adverse reactions, and allows quicker patient recovery.

Although RDN has now been proven to be an effective treatment option for hypertension, it has experienced rises and falls during early stages of development. In the 1990s, interventional techniques with radiofrequency were developed and proof-of-concept studies found significant reductions in patients' blood pressure after the conduct of RDN procedures. In 2008 and 2009, two single-arm clinical studies of Medtronic's Symplicity™ HTN-1 and HTN-2 preliminarily demonstrated that RDN is a safe and effective treatment method that can help patients with resistant hypertension achieve lasting blood pressure reduction. Therefore, many leading medical device companies started to develop similar RDN products, and the market expectation for RDN products was very optimistic at the time. According to Frost & Sullivan, from 2012-2013, seven leading medical device companies obtained CE Markings in Europe for their respective RDN products, including Medtronic, Boston Scientific, and Terumo/AngioCare. However, in 2014, Medtronic announced that the results of the clinical trial for Symplicity™ HTN-3, the world's first sham-controlled clinical trial for an RDN product, failed to demonstrate significant difference in blood pressure reduction between the study group and the control group. After such failed clinical trial by Medtronic, the market sentiment towards RDN products became neutral, or even negative. For example, at the time, RDN was no longer covered as a reimbursable treatment method in many government-sponsored medical insurance programs in Europe. As a result, many medical device companies with commercialized RDN products or product candidates under development stopped the development and/or commercialization of their products.

According to Frost & Sullivan, it was later found out that many mistakes were made during the conduct of the clinical trial for HTN-3, including, among others, inadequate screening at patient enrollment stage of the trial, frequent medication changes during the trial, the lack of experience of many physicians with Medtronic's RDN device, and the number of ablations delivered to the study group of the trial, which mistakes most likely contributed to the poor results, and the eventual failure, of the clinical trial. Since then, based on the lessons learned and experience gained from the HTN-3 clinical trial, several new trials were initiated to re-evaluate the RDN treatment method with improved methodology, and the results of such trials provided convincing evidence that RDN procedure is a safe and effective method in treating hypertension. In March 2020, the FDA designated Medtronic's Symplicity™ Spyral as a "breakthrough device," and in December 2020, the FDA granted "breakthrough device" designation to two other RDN products (including SoniVie's Therapeutic Intra-Vascular Ultrasound (TIVUS) System and ReCor Medical's Paradise ultrasound RDN system) in quick succession, indicating a very positive attitude of the FDA towards RDN therapy. As of the Latest Practicable Date, none of the three products were under registered clinical trials in China. Medtronic's Symplicity™ Spyral and ReCor Medical's Paradise were under clinical trials in Japan as of the Latest Practicable Date and are expected to enter the Japan market upon approval.

Competitive Landscape of the RDN Product Market in China and Japan

In China, the RDN product market is still at its early stage of development. As of the Latest Practicable Date, there was no commercialized RDN product in China, and no RDN product candidate that uses cryoablation technology had entered into the clinical trial stage. There were only three market players in China that had RDN product candidates using radiofrequency ablation technology in clinical trial stage. The diagram below shows the features and development status of the RDN product candidates under development in the China market as of the Latest Practicable Date:

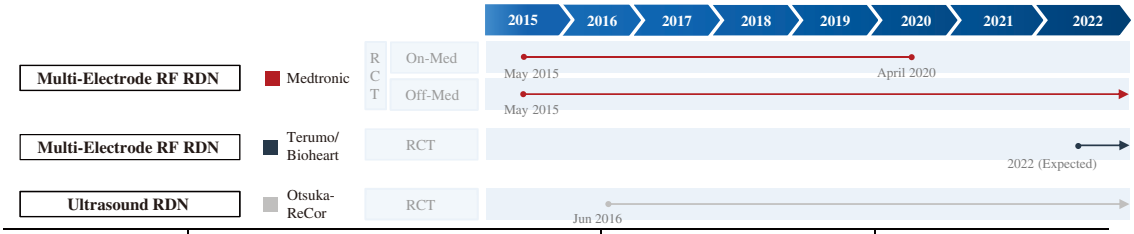
Manufacturer	Bio-heart	Golden Leaf	SyMap
Product Name	Iberis	N/A	SyMapCath
Technology	Radiofrequency	Radiofrequency	Radiofrequency
Electrodes	4	6	1
Catheter Sheath Dimension	6F	8F	8F
Branch Therapy	Y	N	N
Approach	TRI, TFI	TFI	TFI
Clinical Status	RCT ongoing	RCT ongoing	RCT ongoing

Source: Clinicaltrials.gov, literature review, Frost & Sullivan analysis

According to Frost & Sullivan, the RDN product candidate manufactured by Bioheart is expected to be the first multi-electrode RDN product approved in China. As compared to single-electrode RDN products, multi-electrode RDN products involve much less operation time, and can significantly reduce the radiation exposure of patients and physicians. In addition, currently, the RDN product candidate manufactured by Bioheart is the world's only RDN product that allows both the transfemoral intervention (TFI) and the transradial intervention (TRI) approaches. As compared to TFI, TRI is much less invasive, generally involves less complications, and allows faster patient recovery. The RDN product candidate manufactured by Bioheart is also the only RDN product candidate in China that features a combined ablation of the main renal artery and its branches, and we believe that the product is able to improve the blood pressure lowering efficacy of the RDN procedure, which Frost & Sullivan concurs. In addition, the RDN product candidate manufactured by Bioheart has smaller catheter sheath dimension, which not only helps ensure optimal maneuverability of the product, thereby improving the safety of the product, but also allows the physicians to ablate sympathetic nerves in thinner renal arteries, thereby improving the efficacy of the procedure. It is expected that the aforementioned advanced product features can be translated into significant competitive advantages.

Considering the prevalence of uncontrolled and resistant hypertension in China, the limitations of currently available treatment solutions for uncontrolled and resistant hypertension, and the advantages of RDN therapy over traditional treatment solutions, and based on, among others, literature research and expert review, Frost & Sullivan estimates that after the product candidates of the above-mentioned forerunners in the China RDN product market get approved by the NMPA, the size of the RDN product market in China will grow rapidly, and will reach RMB10.5 billion in 2030. It is also expected that first-movers in this market with advanced product features will capture significant market shares, according to Frost & Sullivan.

In Japan, the RDN product market is also still at an early stage of development. As of the Latest Practicable Date, there was no commercialized RDN product in Japan, and no RDN product candidate that uses cryoablation technology had entered into the clinical trial stage. There were only three market players in Japan that had RDN product candidates using radiofrequency or ultrasonic ablation technology in clinical trial stage. The diagram below shows the features and development status of the RDN product candidates under development in the Japan market as of the Latest Practicable Date:



Manufacturer	Medtronic	Terumo/Bioheart	Otsuka-ReCor
Product Name	Spyral	Iberis	Paradise
Technology	Radiofrequency	Radiofrequency	Ultrasound
Electrodes	4	4	N/A
Catheter Sheath Dimension	6F	6F	7F
Branch Therapy	Y	Y	N
Approach	TFI	TRI TFI	TFI
Current Clinical Status	ON-MED: RCT Ongoing	FIM Completed; RCT Ongoing	RCT Ongoing
Enrollment Standard	**ON-MED:** • Age between 20 and 80; • Office SBP ≥ 150 mmHg and <180 mmHg and a DBP ≥ 90 mmHg when receiving a medication regimen of 1-3 antihypertensive medication classes; • 24-hour ABPM average SBP ≥ 140 mmHg and < 170 mmHg **OFF-MED:** • Age between 20 and 80; • Office SBP ≥ 150 mmHg and <180 mmHg and a DBP ≥ 90 mmHg after being off medications; • 24-hour ABPM average SBP ≥ 140 mmHg and < 170 mmHg; • Willing to discontinue current antihypertensive medications.	• Stable medication regimen including 3 antihypertensive medications of different classes, including a diuretic (with no changes for a minimum of 4 weeks prior to screening) • Office SBP ≥150 and ≤180 mmHg, and DBP ≥90 • Average 24-hour ambulatory systolic blood pressure and/or DBP ≥135 and ≤170 mmHg. • Main renal arteries with ≥3 mm diameter or with ≥20 mm treatable length (by visual estimation).	• Age between 20 and 75 • Average office systolic BP ≥ 150 mmHg or office diastolic BP ≥ 90 mmHg (both in the sitting position) • 24-hr ambulatory BP ≥ 140 mmHg
Primary Outcome Measures	• Acute and chronic safety by evaluating incidence of MAE • Change in systolic blood pressure as measured by 24-hour ABPM	• Reduction in average 24-hour ASBP at 3 months follow-up	• A decrease of average 24-hr ambulatory systolic BP from the baseline

Source: Clinicaltrials.gov, literature review, Frost & Sullivan analysis

It is estimated that after the product candidates of the above-mentioned forerunners in the Japan RDN product market get approved by the relevant Japanese authority, the size of the RDN product market in Japan will grow rapidly, and will reach US$1.2 billion in 2030. It is also expected that first-movers in this market with advanced product features will capture significant market shares.

Entry Barriers of the RDN Product Market

As the development and commercialization of RDN products require strong research and development capabilities and profound management and marketing experience, there exist high entry barriers for new players to enter the RDN market, including:

- *Accumulated industry know-how and expertise.* The RDN products involve highly sophisticated technologies. Multi-disciplinary expertise in mechanical engineering and advanced materials, as well as accumulated industry know-how on product design and manufacturing, are necessary for the successful development of RDN products. Leading players in the industry have strong research and development capabilities, and some leading players already have many years of experience developing and commercializing RDN products, and have accumulated deep industry experience and know-how. It would be difficult for newly emerging companies to compete against such leading players.

- *Proper design and successful conduct of clinical trials*. One of the key lessons learned from the clinical trial for Symplicity™ HTN-3 is the importance of a properly-designed and carefully-conducted clinical trial. It requires extensive experience and deep industry knowledge to properly design the protocol of the clinical trial, to efficiently recruit patients for the trial, and to successfully conduct the trial. The clinical trial and the regulatory review processes are both costly and time consuming, and it would be difficult for smaller companies to afford such costs.

- *Ability to conduct effective market education and promotion.* The RDN therapy is a novel treatment method. Although many recent studies have demonstrated the efficacy and safety of the therapy, manufacturers of RDN products would still need to spend significant efforts to educate the market, to promote patient awareness of the benefits of the RDN therapy, and to train the physicians to properly use the RDN devices. The cost of such market education might not be affordable for new entrants in the industry.

Growth Drivers for the RDN Product Market

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

- *Governmental support for innovative medical devices.* Various government authorities in different countries have been adopting new polices to support the development of innovative medical devices. For example, the FDA implemented a breakthrough devices program to provide patients and healthcare providers with timely access to advanced medical devices, and as of the Latest Practicable Date, the FDA had designated four RDN product candidates as "breakthrough devices," indicating its positive attitude towards the RDN therapy. Similarly, to address the growing needs for clinical treatment of severely life-threatening diseases, the Chinese governmental enacted the *Guidelines for Conditional Approval for Marketing of Medical Devices*, and expedited the review and approval process for certain innovative medical devices. As an innovative medical device with proven clinical efficacy to treat uncontrolled hypertension and resistant hypertension, and has many advantages over other traditional treatment solutions, the RDN product is expected to receive strong government support.

- *Desperate need of an effective therapy that can relieve hypertension patients from long-term medications on a daily basis.* Traditional pharmacotherapy for hypertension, particularly resistant hypertension, requires the patients to take several different medicines at the same time, in large dosages, and on a daily basis. Many patients, especially young patients, find it difficult or troublesome to adhere to the treatment plans. In addition, the potential side effects from taking a large amount of medications make pharmacotherapy unattractive. The RDN therapy, as an effective alternative treatment method with long-lasting (cover three years, as demonstrated by multiple clinical studies, according to Frost & Sullivan) treatment effect, can relieve the patients from such troubles or concerns, so it is expected that it will become increasingly popular among physicians and patients.

- *Potential application in other diseases.* As renal sympathetic nerves play an important role not only in the pathogenesis of hypertension but also in other cardiovascular diseases, such as heart failure, cardiac arrhythmias and chronic renal failure, the RDN therapy has the potential to become an alternative treatment for these diseases as well. It is expected that more companies will invest additional resources in the research and development of RDN-related technologies, leading to a booming market.

THE FROST & SULLIVAN REPORT

In connection with the Global Offering, we commissioned Frost & Sullivan, an Independent Third Party, to prepare a report on China's bioresorbable vascular scaffolds and renal denervation procedural medical device markets. We have agreed to pay a total of RMB0.98 million in fees for the preparation of the Frost & Sullivan Report. Frost & Sullivan is a market research and consulting company founded in 1961 that provides market research on a variety of industries including healthcare. In preparing the report, Frost & Sullivan collected and reviewed publicly available data such as government-derived information, annual reports and industry association statistics, as well as market data collected by conducting interviews with key industry experts and leading industry participants. Frost & Sullivan has exercised due care in collecting and reviewing the information so collected and believes that the basic assumptions are factual and correct and the interpretations are reasonable. Frost & Sullivan has independently analyzed the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected.

The market projections in the commissioned report are based on the following key assumptions:

- the overall social, economic and political environment in the PRC is expected to remain stable during the forecast period;

- China's economic and industrial development is likely to maintain steady growth over the next decade;

- key industry drivers, such as the increasing use of medical devices, growing health expenditures and patient affordability, the increasing incidence of chronic diseases, aging population growth, and stricter regulatory policies are likely to drive the growth of China's medical device market during the forecast period; and

- no extreme force majeure or industry regulation will dramatically or fundamentally affect the market.

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

OVERVIEW

Our business in the PRC is subject to a large number of laws and regulations and extensive government supervision. This section sets out a summary of the major relevant laws, regulations, rules and policies which may have material impact on our business, particularly in relation to: (i) the manufacturing and sales of medical devices; (ii) production safety and liability; (iii) environment protection; (iv) intellectual property; (v) foreign investment in the PRC; (vi) employment and social security; (vii) taxation; (viii) custom regulation; and (ix) foreign exchange control. Principal regulatory authorities of the industry are the NMPA and its local regulatory branches.

LAWS AND REGULATIONS RELATING TO MEDICAL DEVICES

The Classification, Registration and Filing of Medical Devices

Regulation and Classification of Medical Devices

According to the *Regulations on the Supervision and Administration of Medical Devices* (《醫療器械監督管理條例》) (as amended in 2021) (the "**2021 Medical Device Regulation**") which was promulgated by the State Council on February 9, 2021 and took effect on June 1, 2021, the China Food and Drug Administration (國務院食品藥品監督管理部門), now known as the NMPA (國家藥品監督管理局), is in charge of the national supervision and administration of medical devices. The relevant departments under the State Council shall be responsible for the supervision of medical devices within their respective scope of authorities. The food and drug supervision and administration departments of the local governments at the county level and above are responsible for the supervision and administration of medical devices within their own administrative districts. The relevant departments of the people's governments at the county level and above are responsible for the supervision 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 shall refer to those devices with low degree of risk and whose safety and effectiveness can be ensured through routine administration. Class II medical devices shall refer to those devices with medium degree of risk and whose safety and effectiveness shall be strictly controlled and administered. Class III medical devices shall refer to those devices with high degree of risk and whose safety and effectiveness must be strictly controlled and administered with special measures.

The products we currently produce and sell in China are Class III medical devices.

Medical Device Regulations (Revision 2021)

Compared with the Medical Device Regulations (Revision 2017), the major amendments in 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 should be 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 maintain a quality management system effectively, 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 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 reformation, the Medical Device Regulations (Revision 2021) focus on medical device innovation 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, 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 wrongdoer's licenses 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 Medical Device Regulations (Revision 2021) has not had any material impact on our ongoing and planned clinical trials, sales and registrations within our scope of operations, or our ongoing operations as well as other activities. Further, since we focus on developing innovative medical devices in China and expect to make full use of the various optimized procedures and systems under the Medical Device Regulations (Revision 2021) to speed up the development and commercialization of our product candidates, we believe that the Medical Device Regulations (Revision 2021) is beneficial to our businesses and operations in the long run.

Registration and Filings of Medical Device Products

According to the Administrative Measures for the Registration of Medical Devices (《醫療器械註冊管理辦法》) promulgated on July 30, 2014 and coming into effect on October 1, 2014, for the filings of the domestic Class I medical devices, the parties undergoing the filings of medical devices shall submit the filing materials to the local branches at the prefectural city level of the NMPA. In case of any amendment to matters stated in the filings, such amendment shall be filed with the original filing department. The Class II and Class III medical devices shall be subject to the product registration administration. Domestic Class II medical devices shall be examined by the provincial branches of the NMPA and domestic Class III medical devices shall be examined by the NMPA, and a Medical Device Registration Certificate (醫療器械註冊證) 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 Class II or Class III medical devices, which may affect the safety and effectiveness of such medical devices, the registrants shall apply to the original registration departments for changing registration. The Medical Device Registration Certificate is valid for five years and the registrant shall apply to the original registration departments for renewal at least six months prior to its expiration date.

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 may be exempted from clinical trials under any of the following circumstances:

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

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

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

The Notice of Publication of the List of Class III Medical Devices Requiring Clinical Trial Approval (No.14, 2014) (《關於發佈需進行臨床試驗審批的第三類醫療器械目錄的通告》(2014年第14號)) was promulgated by the NMPA on August, 2014, coming into effect on October, 2014. It listed a series of Class III medical devices that should be examined and approved through the clinical trials. Meanwhile, the medical device catalog of clinical trial exemption shall be formulated, amended and promulgated by the NMPA, such as the Notice of the Newly Revised Catalog of Medical Devices Exempted from Clinical Trials (《關於公佈新修訂免於進行臨床試驗醫療器械目錄的通告》) promulgated by the NMPA on September 28, 2018 and the Notice of New and Revised Catalog of Medical Devices Exempted from Clinical Trials (《關於公佈新增和修訂的免於進行臨床試驗醫療器械目錄的通告》) promulgated by the NMPA on December 13, 2019. 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. As for certain high risk Class III medical devices, the NMPA's approvals are required before clinical trials can be carried out. Under such requirement, the NMPA promulgated the Notice of Publication of the List of Class III Medical Devices Requiring Clinical Trial Approval (Amended in 2020) (《關於發佈需進行臨床試驗審批的第三類醫療器械目錄(2020年修訂版)的通告》) on September 14, 2020, which came into effect on the same date. Where the safety and effectiveness of such medical devices can be proved, the applicant may specify in the course of registration application and submit relevant proofing materials. In order to support the performance of the Administrative Measures for the Registration of Medical Devices, 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) issued a set of guidance on clinical trials for specific Class III medical devices, such as "the Key points of clinical trial evaluation of fully degradable coronary artery drug-eluting stent (《全降解冠狀動脈藥物洗脫支架臨床試驗審評要點》)" on April, 2015. The Guidelines for Clinical Trials of Bioabsorbable Coronary Drug-Eluting Stents (《生物可吸收冠狀動脈藥物洗脫支架臨床試驗指導原則》) has been issued on March, 2019, supporting the scope applicable, basic rules and clinical plans for the clinical trial on bioabsorbable coronary artery drug-eluting stent.

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

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

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

registration testing, clinical evaluation (which includes clinical trials if required by applicable laws and regulations), product registration application and acceptance, inspection and approval as required by the NMPA for product registration.

Production and Quality Management of Medical Devices

Regulations of Medical Devices and the Administrative Measures on the Production of Medical Devices

The Regulations of Medical Devices and the Administrative Measures on the Production of Medical Devices (Amended in 2017) (the "Regulations on Production of Medical Devices") (《醫療器械生產監督管理辦法(2017修正)》), promulgated on November 17, 2017 and coming into effect on the same date, stipulates the following conditions which a manufacturer of medical devices shall satisfy:

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

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

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

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

(v) satisfying the requirements as prescribed in production Research and Development and production technique documents.

The enterprises engaging in the production of Class I medical devices shall make filings for such Class I medical devices with the local branches at the prefectural city level of the NMPA and submit proofing materials of qualification to engage in the production of such medical devices. The enterprises engaging in the production of Class II and Class III medical devices shall apply for Manufacture License for Medical Devices (醫療器械生產許可證) to the provincial branches of the NMPA, and submit proofing materials of qualification to engage in the production of such medical devices and registration certificates for such medical devices produced. The Manufacture License for Medical Devices 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 Measures and the Standards on Production and Quality Management of Medical Devices

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

of the Standards on Production and Quality Management. The enterprise 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 and submit a self-inspection report to the provincial branches of the NMPA or the local branches at the prefectural 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 associated with the related products.

The Notice of Four Guidelines including On-site Inspection Guidelines for the Standards on Production and Quality Management of Medical Devices

Pursuant to The Notice of Four Guidelines including On-site Inspection Guidelines for the Standards on Production and Quality Management of Medical Devices (《關於印發〈醫療器械生產質量管理規範現場檢查指導原則〉等四個指導原則的通知》) promulgated on September 25, 2015 and came into effect on the same date, during the course of on-site verification of the registration of medical devices and on-site inspection of production permit (including changing production permit), the inspection team shall, in accordance with the guidelines, issue recommended conclusions for on-site inspections, which shall be divided into "Passed," "Failed" or "Reassessment after rectification." During the supervision and inspection, if it is found that the requirements of the key items or ordinary items that may have direct impact on product quality are not satisfied, the enterprise shall suspend production and go through rectification. If found that the requirements of the ordinary items are not satisfied, and it does not directly affect product quality, the enterprise shall rectify in a prescribed time. The regulatory authorities shall examine and verify the recommended conclusions and on-site inspection materials submitted by the inspection group and issue the final inspection results.

Good Clinical Practice for Medical Devices Trials

On March 1, 2016, the NMPA and the National Health and Family Planning Commission jointly promulgated the Good Clinical Practice for Medical Devices Trials (《醫療器械臨床試驗質量管理規範》), which became effective on June 1, 2016. The regulation includes full procedures of clinical trial of medical devices, including, among others, the protocol design, conduct, 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 protocols based on the categories, risks and intended use of the medical devices for the clinical study. The applicant shall be responsible for (i) organizing to develop and revise the researcher's manual, clinical trial protocols, informed consent form, case report form, relevant standard operating procedures and other relevant documents, and (ii) organizing necessary training for the clinical trials. The applicant shall select the clinical trial institutions and its researchers from the qualified medical device clinical trial institutions according to the characteristics of the medical devices to be used in the clinical study. An applicant for clinical trials of medical devices shall be responsible for initiating, applying, organizing and monitoring such clinical trials, and shall be responsible for the authenticity and reliability of

the clinical trials. For new products that are not approved for marketing inside and outside the PRC and are not medically proven in safety and performance, a feasibility trial on a small sample size shall be conducted first when designing a protocol. Upon preliminary confirmation of safety, subsequent clinical trials shall be conducted on the statistical sample sizes required.

Laws and Regulations Relating to Medical Devices Operation

Measures for the Supervision and Administration of Medical Devices Operation

Pursuant to the Measures for the Supervision and Administration of Medical Devices Operation (Amended in 2017) (《醫療器械經營監督管理辦法(2017修正)》), promulgated on November 17, 2017, an enterprise engaging in the operation of medical devices shall have business premises and storage conditions suitable for the operation scale and scope, and shall have a quality control department or personnel suitable for the medical devices it operates. An enterprise engaged in the operation of Class II medical devices shall file with the municipal level food and drug supervision and administration department and provide proofing materials for satisfying the relevant conditions of engaging in the operation of medical devices, while an enterprise engaged in the operation of Class III medical devices shall apply for a Business Operation License of Medical Devices (醫療器械經營許可證) to the municipal level food and drug supervision and administration department and provide proofing materials for satisfying the relevant conditions of engaging in the operation of such medical devices.

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

Opinions on Deepening the Reform of the Evaluation and Approval Systems and Encouraging Innovation on Drugs and Medical Devices

On October 7, 2018, the General Office of the CPC Central Committee and the General Office of the State Council jointly issued the Opinions on Deepening the Reform of the Evaluation and Approval Systems and Encouraging Innovation on Drugs and Medical Devices (《關於深化審評審批制度改革鼓勵藥品醫療器械創新的意見》) (the "Innovation Opinions"), which aims to encourage the innovation for medical devices. Pursuant to the Innovation Opinions, the priority review and approval will be applicable to innovative medical devices supported by the National Science and Technology Major Projects and the National Key Research and Development Program (國家科技重大專項和國家重點研發計劃支持專案) of the PRC, and the clinical trials of which have been conducted by the National Clinical Research Center, and approved by the management department of the National Clinical Research Center.

Special Procedures for Examination and Approval of Innovative Medical Devices

Pursuant to the Special Procedures for Examination and Approval of Innovative Medical Devices (《創新醫療器械特別審查程序》) which were promulgated on November 2, 2018 and came into effect on December 1, 2018, special procedures shall be applicable to the examination and approval for medical devices in the following circumstances:

(i) The applicant legally owns the invention patent of the core technology of the product through its technological innovation activities in the PRC, or legally obtains the invention patent or the right of use thereof through transfer in the PRC, and the interval between the date of application for the special examination and approval of innovative medical devices and the date of publication of the patent grant should not exceed five years; or the patent administration department of the State Council has published 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 that the core technology solution of the product possesses novelty and inventiveness;

(ii) The applicant has developed the prototype product and completed the preliminary research under a true and controllable process that generated complete and traceable data;

(iii) The product (a) has major working mechanism or mechanism of action which is the first of its kind in the PRC, (b) has fundamental improvement in product performance or safety compared with similar products, (c) is of an internationally leading standard in terms of techniques and has significant clinical value.

The Center for Medical Device Evaluation of the NMPA (國家藥品監督管理局醫療器械技術審評中心) shall give priority to the innovative medical devices in their technical review upon receiving the registration application, after which the NMPA shall give priority to the product in their administrative approval.

Tender Processes for Medical Devices

According to the Notice on Further Strengthening the Administration of Centralized Procurement of Medical Devices (《衛生部關於進一步加強醫療器械集中採購管理的通知》) issued on June 21, 2007, all not-for-profit medical institutions under all levels of government and state-owned enterprises from different industries shall participate in the centralized procurement of medical devices.

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

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

On July 19, 2019, the General Office of the State Council issued the Circular on Reform Plan on Managing High Value Medical Consumables (《關於印發〈治理高值醫用耗材改革方案〉的通知》) (the "Circular on High Value Medical Consumables"). According to the Circular on High Value Medical Consumables, high value medical consumables are defined as medical consumables directly used on human, with strict requirement on safety, clinically great demand, relatively highly-priced, and that can pose heavy burdens on patients. The Circular on High Value Medical Consumables releases several reform initiatives aiming at managing high value medical consumables, including: (i) the classification and codes of high value medical consumables in the national medical insurance system will be unified gradually, and rules on unique device identification in full life cycle of the high value medical consumables, including but not limited to registration, procurement and usage, will be implemented by the National Healthcare Security Administration, the National Medical Products Administration, and the National Health Commission of the PRC by the end of 2020; (ii) build the mechanism for including high value medical consumables in basic medical insurance and comply a list of high value medical consumables to strengthen the dynamic adjustment mechanism. The access regulations shall be promulgated by the National Health Commission and the Ministry of Finance (the "MOF") by the end of June 2020; (iii) the price markups placed on medical consumables at public hospitals will be abolished, and all medical consumables, including high value medical consumables will be sold at procurement price at all public hospitals by the end of 2019; and (iv) the medical insurance payment policy shall be formulated and implemented by the National Healthcare Security Administration, the MOF and the National Health Commission of the PRC. Meanwhile, formulate the medical insurance payment standards on high value medical consumables and establish the dynamic adjustment mechanism. The medical insurance funds and patients will share the cost of high value medical consumables according to the medical insurance payment standards, and medical institutions shall further reduce procurement prices under the guidance of the Circular on High Value Medical Consumables.

Two-invoice System

According to the Notice on Issuing the Implementing Opinions on Promoting the "Dual Invoicing System" for the Drug Procurement by Public Medical Institutions (for trial Implementation) (《印發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》) which was issued on December 26, 2016, the "two-invoice system" refers to the

system that requires one invoice to be issued from pharmaceutical manufacturers to pharmaceutical distributors and the other invoice to be issued from pharmaceutical distributors to medical institutions. The wholly owned or holding commercial company (only one commercial company is permitted in the whole country) or the domestic general agent for overseas drugs (only one domestic agent is permitted in the whole country) established by a pharmaceutical manufacturer or a group enterprise integrating science, industry and trade may be regarded as a manufacturer. The allocation of drugs between a pharmaceutical distribution group enterprise and its wholly owned (holding) subsidiaries or among its wholly-owned (holding) subsidiaries may not be regarded as a process for which an invoice should be issued, but one invoice is allowed to be issued at most.

According to the Notice on Consolidating the Results in Eliminating the Mechanism of Replenishing Medical Costs with Drug Selling Profits and Further Deepening the Comprehensive Reform of 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 was issued on March 5, 2018, a classified and centralized mechanism shall be implemented for the procurement of high value medical consumables and the "two-invoice system" shall be carried out for the procurement and sale of high value medical consumables.

On July 19, 2019, the General Office of the State Council released the Circular on High Value Medical Consumable, encourages the local authorities to reduce the circulation steps of high-value medical consumables through the "two-invoice system" and other ways in light of the actual situation, so as to promote the openness and transparency of purchases and sales.

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

Regulations Relating to Advertisements of Medical Devices

The State Administration for Market Regulation promulgated the Interim Measures for the Administration of the Examination and Administration of Drugs, Medical Devices, Health Foods, and Formula Foods for Special Medical Purposes (《藥品、醫療器械、保健食品、特殊醫學用途配方食品廣告審查管理暫行辦法》) (the "Examination Interim Measures") on December 24, 2019, which came into effect on March 1, 2020. The Examination Interim Measures stipulates that the advertisements for medical devices shall not be released without being reviewed and the contents of a medical device advertisement shall be based on the contents of the registration certificate or filing certificate approved by the drug administrations, or the registered or filed product instructions. Where the medical device advertisement involves the name, scope of application, functional mechanism or structure or composition, etc. of the medical device, the scopes of the registration certificate or filing certificate, or registered or filed product instruction shall not be exceeded. The validity period of the advertisement approval number for drugs, medical devices, health food and formula food for special medical purposes shall be consistent with the shortest validity period of the product registration certificate, filing certificate or production license. If no valid period is prescribed in the product registration certificate, filing certificate or production license, the valid period of the advertisement approval number shall be two years.

Medical Device Product Export

According to Regulations on Production of Medical Devices, a manufacturer of medical devices for exportation purpose shall ensure that the medical devices it produces meet the requirements of the importing country (region), and the relevant information of the products shall be submitted to the food and drug administrative authorities of the city with districts where it is located for record.

According to the Regulations on Application for Export Certificate of Medical Devices (《醫療器械產品出口證明申辦規定》) promulgated on January 6, 1996, the State Administration of Medicine (now known as the NMPA) shall examine the safety and legality of medical device products produced by domestic enterprises, and issue export certificates in accordance with international practice to prove that the products have obtained lawful production licenses within the territory of China.

Pursuant to the Regulations on the Administration of Export Sales Certificates of Medical Devices (《醫療器械產品出口銷售證明管理規定》) promulgated on June 1, 2015 and came into effect on September 1, 2015, if the registration certificate for a medical device and production permit for a medical device have been obtained in China, or the medical device registration and production filing have been completed, the food and drug supervision and administration department may issue a Medical Device Product Export Sales Certificate (醫療器械產品出口銷售證明) to the relevant manufacturing enterprise. The validity term of the Medical Device Product Export Sales Certificate should not exceed the earliest deadline for the various documents submitted by the enterprise in the application materials, and the maximum validity term shall not exceed two years.

Customs Regulations

According to the Customs Law of the PRC (Amended in 2021) (《中華人民共和國海關法(2021修正)》) ("Customs Law") which was passed by the SCNPC on April 29, 2021, Where a consignee or consignor of importing or exporting goods or a Customs clearing enterprise handles Customs declaration procedures, they shall be subject to registration by Customs in accordance with law. Customs clearing personnel shall obtain the occupational qualifications for Customs clearances in accordance with law.

According to the Provisions of the Customs of the PRC on the Administration of Registration of Customs Declaration Entities (Revised in 2018) (《中華人民共和國海關報關單位註冊登記管理規定(2018年修正)》), which was promulgated by the General Administration of Customs on May 29, 2018 and became effective as of July 1, 2018, registration of declaring entities shall be divided into the registration of declaring enterprises, for which approval from the relevant competent authority directly under the General Administration of Customs or the authorized customs affiliate shall be the pre-condition to go through the declaration procedures at the customs and the registration of consignees or consignors of imported or exported goods, for which no additional approvals need to be obtained.

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: (i) Class I recall where the circumstances leading to the recall may cause or have caused serious health hazards; (ii) Class II recall where the circumstances leading to the recall may cause or have caused temporary or reversible health hazards; or (iii) Class III recall where the circumstances leading to the recall are not likely to cause harm.

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

Pursuant to the Announcement of the Office of the State Food and Drug Administration on the issuance of Six Related Work Procedures including the Reissue Procedure for Medical Device Registration Certificates (Shi Yao Jian Ban [2007] No. 169 (國家食品藥品監督管理局辦公室關於發佈醫療器械註冊證書補辦程序等6個相關工作程序的通告(食藥監辦[2007]169號)) promulgated on August 21, 2007, six related procedures are stipulated, which are "Medical Device Registration Certificate Reissue Procedure", "Medical Device Registration Certificate Error Correction Procedure", "Medical Device Registration Certificate Extension Procedure", "Medical Device Registration Suspended Testing Procedure", "Self-Canceling Medical Device Registration Application Procedures" and "Medical Device Product Clearance Certificate Processing Procedures."

ENVIRONMENTAL PROTECTION

Pursuant to the Environmental Protection Law of the PRC (Amended in 2014) (《中華人民共和國環境保護法(2014修訂)》) promulgated on April 24, 2014 and became effective on January 1, 2015, the waste discharge licensing system has been implemented in the PRC and entities that discharge medical sewage to water bodies directly or indirectly shall obtain a waste discharge license. Furthermore, installations for the prevention and control of pollution at a construction project must be designed, built and commissioned together with the principal part of the project. Pursuant to the Environmental Impact Assessment Law of the PRC (Amended in 2018) (《中華人民共和國環境影響評價法(2018年修正)》) promulgated on October 28, 2002, became effective on September 1, 2003 and last amended on December 29, 2018, the State implements administration by classification on the environmental impact of construction projects according to the level of impact on the environment. The construction unit shall prepare an environmental impact report, or an environmental impact form or complete an environmental impact registration form (the "Environmental Impact Assessment Documents") for reporting and filing purpose. If the Environmental Impact Assessment Documents of a construction project have not been reviewed by the approving authority in accordance with the law or have not been granted approval after the review, the construction unit is prohibited from commencing construction works.

Pursuant to the Law of the PRC on Prevention and Control of Environmental Pollution Caused by Solid Wastes (Revised in 2020) (《中華人民共和國固體廢物污染環境防治法(2020修訂)》), promulgated on April 29, 2020 and took effect on September 1, 2020, the construction of projects which discharge solid waste and the construction of project for storage, use and treatment of solid waste shall be carried out upon the appraisal regarding their effects on environment and in compliance with the relevant state regulations concerning the management of environmental protection in respect of construction projects. The necessary supporting facilities for the prevention and control of environmental pollution caused by solid wastes as specified in the environmental impact assessment documents of the construction project shall be designed, constructed and put into operation simultaneously with the major construction works of the construction project. No construction projects shall be permitted to be put into operation or to use before its facilities for the prevention and control of environmental pollution caused by solid wastes have been inspected and accepted by the competent department of environmental protection that examined and accepted the environmental impact assessment documents.

Pursuant to the Law of the PRC on Prevention and Treatment of Water Pollution (Amended in 2017) (《中華人民共和國水污染防治法(2017修正)》) promulgated on June 27, 2017 and took effect on January 1, 2018, the environmental impact assessment shall be conducted on new construction, reconstruction and construction expansion projects or other installations on water which directly or indirectly discharge pollutants into the water according to law. The water pollution prevention and treatment facilities of a construction project must be designed, constructed and put into operation simultaneously with the major construction works of the said construction project. The water pollution prevention and treatment facilities shall comply with the requirements of approved or filed environmental impact assessment documents. Pursuant to the Notice of the General Office of the State Council on Issuing the Implementation Plan for the Control of Pollutant Release Permit System (《國務院辦公廳關於印發控制污染物排放許可制實施方案的通知》) (No. 81 [2016] of the State Council's Office, effective on November 10, 2016) and the Classification Management List for Fixed Source Pollution Permits (2019 Edition) (《固定污染源排污許可分類管理名錄(2019年版)》) (Order No. 11 of the Ministry of Ecology and Environment, effective on December 20, 2019), the state implements a focused management, a simplification management and a registration management of emission permits based on the pollutant-discharging enterprises and other manufacturing businesses' amount of pollutants, emissions and the extent of environmental damage.

REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

Trademark Law of the PRC and its Implementing Rules

Trademarks are protected by the Trademark Law of the PRC (Revised in 2019) (《中華人民共和國商標法(2019修正)》) which was promulgated on April 23, 2019 and coming into effect on November 1, 2019, as well as the Implementation Regulation of the PRC Trademark Law (Amended in 2014) (《中華人民共和國商標法實施條例(2014修訂)》) issued by the State Council on April 29, 2014. In the PRC, registered trademarks include commodity trademarks, service trademarks, collective marks and certification marks. The Trademark Office of National Intellectual Property Administration handles trademark registrations and grants a term of ten years to registered trademarks, renewable every 10 years where a registered trademark needs to be used after the expiration of its validity term.

Patent Law of the PRC and its Implementing Rules

Pursuant to the Patent Law of the PRC (Revised in 2020) (《中華人民共和國專利法(2020年修正)》) which was issued by the Standing Committee of the NPC on October 17, 2020 and took effect on June 1, 2021 and the Implementation Rules of the Patent Law of the PRC (Revised in 2010) (《中華人民共和國專利法實施細則(2010修訂)》) amended by the State Council on January 9, 2010 and coming into effect on February 1, 2010, patents in China are divided into invention patent, utility model patent and design patent. Invention patent refers to new technical solutions for a product, method or its improvement; utility model 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 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) is concentrate 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) strengthening the joint liability of internet service providers for network patent infringement; (v) improving the distribution of burden of proof in patent infringement cases; (vi) increasing the compensation for patent infringement; and (vii) patent term adjustment for compensating delays of the CNIPA in the examination of patent applications.

Our Company considered that the implementation the Patent Law of the PRC (Revised in 2020) (《中華人民共和國專利法(2020年修正)》) will not have material impacts on patent submissions of our Company's major products and product candidates based on the scope of business and ongoing operation and other activities of our Company.

Administrative Measures for Internet Domain Names

Pursuant to the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》) promulgated by the Ministry of Industry and Information Technology on August 24, 2017 and coming into effect on November 1, 2017, the establishment of any domain name root server and institution for operating domain name root servers, managing the registration of domain name and providing registration services in relation to domain name within the territory of China shall be subject to the approval of the Ministry of Industry and Information Technology or provincial, autonomous regional and municipal communications administration. The registration of domain name shall follow the principle of "first apply first register." The Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Internet Information Services (《工業和信息化部關於規範互聯網信息服務使用域名的通知》) promulgated by the Ministry of Industry and Information Technology on November 27, 2017 and coming into effect on January 1, 2018 specifies the obligation of anti-terrorism and maintaining network security of internet information service providers.

Information Security and Data Privacy

Pursuant to the PRC Civil Code (《中華人民共和國民法典》), which was promulgated by the NPC on May 28, 2020 and came into effect on January 1, 2021, the personal information of a natural person shall be protected by the law. An information processor shall not disclose or tamper with any personal information collected or stored thereby; and without the consent of the natural person, no personal information shall be illegally provided to any other person, excluding the information through which the specific individual cannot be identified after processing and which cannot be restored. An information processor shall take technical measures and other necessary measures to ensure the security of the personal information collected and stored thereby and prevent information leakage, tampering, and loss.

On May 8, 2017, the Supreme People's Court and the Supreme People's Procuratorate jointly 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 (《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**"), which came into effect on June 1, 2017, clarifies 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 the "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.

The Data Security Law of the PRC (《中華人民共和國數據安全法》), which was promulgated by the SCNPC on June 10, 2021 and took effect on September 1, 2021, provides that China shall establish a data classification and grading protection system, formulate the important data catalogs to enhance the protection of important data. Processors of important data shall specify the person responsible for data security and management agencies to implement data security protection responsibilities. Relevant authorities will establish the measures for the cross-border transfer of important 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.

The Opinions on Strictly Cracking Down on 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》) , which were issued by the General Office of the State Council and another authority on July 6, 2021, require to speed up the revision of legislation on strengthening the confidentiality and archives coordination between regulators related to overseas issuance and listing of securities, and improvement to the legislation on data security, cross-border data flow, and management of confidential information. The draft amendment to the Measures for Cyber Security Review (《網絡安全審查辦法(修訂草案徵求意見稿)》) published by Cyberspace Administration of China in July 2021 provides that, among others, an application for cyber security review shall be made by an issuer who is a "critical information infrastructure operator" or a "data processing operator" as defined therein before such issuer's securities may be listed in a foreign country if the issuer possesses personal information of more than 1 million users, and that the relevant governmental authorities in the PRC may initiate cyber security review if such governmental authorities determine an operator's cyber products or services, data processing or potential listing in a foreign country affect or may affect national security.

REGULATIONS RELATING TO FOREIGN INVESTMENT

Pursuant to the PRC Company Law (2018 Revision) (《中華人民共和國公司法(2018修正)》) issued by the Standing Committee of the NPC and coming into effect on October 26, 2018, limited liability companies and joint stock limited companies established in the PRC have the status of legal persons. The liability of shareholders of a limited liability company and a joint stock limited company is limited to the amount of registered capital they have contributed or shares they have subscribed for. The PRC Company Law shall also apply to foreign-invested companies. Where laws on foreign investment have other stipulations, such stipulations shall apply.

Pursuant to the Special Management Measures (Negative List) for the Access of Foreign Investment (2020) (《外商投資准入特別管理措施(負面清單)(2020年版)》) promulgated by the NDRC and the MOFCOM on June 23, 2020 and coming into effect on July 23, 2020, limitations were stipulated for foreign investments in different industries in the PRC. Foreign investments shall be classified into two categories, namely the Catalog of Encouraged Industries for Foreign Investment and the Special Management Measures (Negative List) for the Access of Foreign Investment. The Special Management Measures (Negative List) for the Access of Foreign Investment is further classified into Catalog of Industries Limited for Foreign Investment and the Catalog of Industries Prohibited for Foreign Investment. Industries that do not fall within the Special Management Measures (Negative List) for the Access of Foreign Investment are industries permitted for foreign investment.

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

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

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), (the "Foreign Investment Law"), was formally adopted by the 2nd session of the thirteenth NPC on March 15, 2019, and became effective on January 1, 2020. The Foreign Investment Law is formulated to further expand opening-up, vigorously promote foreign investment and protect the legitimate rights and interests of foreign investors. According to the Foreign Investment Law, foreign investments are entitled to pre-entry national treatment and are subject to negative list management system. The pre-entry national treatment means that the treatment given to foreign investors and their investments at the stage of investment access is not lower than that of domestic investors and their investments. The negative list management system means that

the state implements special management measures for the access of foreign investment in specific fields. Foreign investors shall not invest in any forbidden fields stipulated in the negative list and shall meet the conditions stipulated in the negative list before investing in any restricted fields.

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

Upon taking effect on January 1, 2020, the Foreign Investment Law replaced the Sino-Foreign Equity Joint Venture Enterprise Law 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-Owned Enterprises Law of the PRC (《中華人民共和國外資企業法》), becoming 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 (《中外合資經營企業合營期限暫行規定》), the Regulations on Implementing the Wholly Foreign-Owned Enterprise Law of the PRC (《中華人民共和國外資企業法實施細則》) and the Regulations on Implementing the Sino-Foreign Cooperative Joint Venture 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》).

REGULATIONS ON EMPLOYMENT AND SOCIAL SECURITY

Labor Law of PRC

The Labor Law of PRC (Revision 2018) (《中華人民共和國勞動法(2018修正)》), which was promulgated by the Standing Committee of the National People's Congress (the "SCNPC") on December 29, 2018, provides that an employer shall develop and improve its rules and regulations to safeguard the rights of its workers. Labor safety and health facilities must comply with relevant national standards. Workers engaged in special operations shall have received specialized training and obtained the pertinent qualifications.

Labor Contract Law of PRC and its Implementation Regulations

The Labor Contract Law of PRC (Revision 2012) (《中華人民共和國勞動合同法(2012修正)》), which was promulgated by the SCNPC on December 28, 2012, and came into effect on July 1, 2013, and the Implementation Regulations on Labor Contract Law (《中華人民共和國勞動合同法實施條例》) which was promulgated and came into effect on September 18, 2008 by the State Council, regulating the relations of employer and the employee, and containing specific provisions involving the terms of the labor contract.

Regulations on Supervision over the Social Security and Housing Funds

According to the Provisional Regulations on the Collection and Payment of Social Insurance Premium (Revised in 2019) (《社會保險費徵繳暫行條例(2019修訂)》), the Regulations on Work Injury Insurance (Revised in 2010) (《工傷保險條例(2010修訂)》), the Regulations on Unemployment Insurance (《失業保險條例》) and the Trial Measures on Employee Maternity Insurance of Enterprises (《企業職工生育保險試行辦法》), enterprises in China must provide benefit plans for their employees, which include basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and medical insurance. An enterprise must provide social insurance by processing social insurance registration with local social insurance agencies, and must pay or withhold relevant social insurance premiums for or on behalf of employees.

The Law on Social Insurance (Revision 2018) (《中華人民共和國社會保險法(2018修正)》), which was promulgated on December 29, 2018, regulates basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and medical insurance, and has elaborated in detail the legal obligations and liabilities of employers who do not comply with relevant laws and regulations on social insurance.

The Regulations on the Administration of Housing Provident Fund (Revised in 2019) (《住房公積金管理條例(2019修訂)》), which was promulgated on March 24, 2019, stipulates that housing provident fund contributions paid by an individual employee and housing provident fund contributions paid by his or her employer shall all belong to the individual employee.

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 (《國務院辦公廳轉發衛生部等部門關於建立新型農村合作醫療制度意見的通知》(國辦發[2003]3號)) forwarded by the General Office of the State Council on January 16, 2003, China launched the New Rural Cooperative Medical System to provide medical insurance for rural residents in selected areas which has spread to the whole nation thereafter. The State Council promulgated the Guiding Opinions of the State Council about the Pilot Urban Resident Basic Medical Insurance (《國務院關於開展城鎮居民基本醫療保險試點的指導意見》) on July 10, 2007, under which urban residents of the pilot district, rather than urban employees, may voluntarily join Urban Resident Basic Medical

Insurance. In 2015, the PRC government announced the Outline for the Planning of the National Medical and Health Service System (2015-2020) (《全國醫療衛生服務體系規劃綱要(2015-2020年)》) which aims to establish a basic medical and health care system that covers both rural and urban citizens by 2020.

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

With regard to reimbursement for medical devices and diagnostic tests, the Notice of Opinion on the Diagnosis and Treatment Management, Scope and Payment Standards of Medical Service Facilities Covered by the National Urban Employees Basic Medical Insurance Scheme (《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 are paid through the basic medical insurance scheme. It also includes a negative list that precludes certain devices and medical services from governmental reimbursement. Detailed reimbursement coverage and rate for medical devices and medical services (including diagnostic tests and kits) are subject to each province's local policies.

REGULATIONS ON TAXATION

Enterprise Income Tax

According to the Corporate Income Tax Law of the People's Republic of China (Amended in 2018) (《中華人民共和國企業所得税法(2018修正)》) (the "EIT Law"), which was promulgated by the SCNPC on December 29, 2018 and came into effect on the same date, and the Implementation Regulations for the Corporate Income Tax Law of the People's Republic of China (Revised in 2019) (《中華人民共和國企業所得税法實施條例(2019修訂)》) (the "EIT Regulations"), which was promulgated by the State Council on April 23, 2019 and came into effect on the same date, a uniform income tax rate of 25% will be applied to domestic enterprises, foreign-invested enterprises and foreign enterprises that have established production and operation facilities in China. These enterprises are classified as either resident enterprises or non-resident enterprises. Resident enterprises refer to enterprises that are established 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 refer to enterprises that are set up in accordance with the laws of foreign countries and whose actual administration is conducted outside the PRC, but who (whether or not through the establishment of institutions in the PRC) derive income from the PRC. Under the EIT Law and EIT Regulations, a uniform corporate income tax rate of 25% is applicable. However, if non-resident enterprises have not established institutions or places in the PRC, or if they have established institutions or places in the PRC but there is no actual relationship between the relevant income derived in the PRC and the institutions or places set up by them, enterprise income tax is set at the rate of 10%.

Preferential EIT rate

According to the EIT Law and the EIT Regulations, an enterprise certified as a high and new technology enterprise was subject to a preferential EIT of 15%. In accordance with the Measures for Administration of Recognition of High and New Technology Enterprise (《高新技術企業認定管理辦法》) issued on January 29, 2016, an enterprise certified as a high and new technology enterprise is subject to review by the relevant PRC authorities and shall submit the information about the relevant intellectual property, scientific and technical personnel, research and development expense, operating revenue of previous year and other annual status on the required official website.

According to the Notice of the Ministry of Finance and the State Administration of Taxation on Expanding the Scope of Preferential Income Tax Policies regarding Small Low-Profit Enterprises (《財政部、國家稅務總局關於擴大小型微利企業所得稅優惠政策範圍的通知》) which became effective on January 1, 2017 and expired on January 1, 2018, the Notice of the Ministry of Finance and the State Administration of Taxation on Further Expanding the Scope of Preferential Income Tax Policies Regarding Small Low-Profit Enterprises (2018) (《財政部、稅務總局關於進一步擴大小型微利企業所得稅優惠政策範圍的通知(2018)》) which became effective on January 1, 2018 and expired on January 1, 2019, and the Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (《財政部、稅務總局關於實施小微企業普惠性稅收減免政策的通知》) which took effect on January 1, 2019, from January 1, 2017 to December 31, 2017, the upper limit of the annual taxable income of a small low-profit enterprise shall be raised from 300,000 yuan to 500,000 yuan, and for a small low-profit enterprise with an annual taxable income of 500,000 yuan or less, its taxable income shall be calculated at the reduced rate of 50% of its income, and it shall pay the enterprise income tax at the rate of 20%; from January 1, 2018 to December 31, 2018, the upper limit of the annual taxable income of small low-profit enterprises shall be raised from 500,000 yuan to 1 million yuan, and the income of a small low-profit enterprise with an annual taxable income of 1 million yuan or less shall be included in its taxable income at the reduced rate of 50%, with the applicable enterprise income tax rate of 20%; from January 1, 2019 to December 31, 2021, the annual taxable income of small low-profit enterprises that is not more than 1 million yuan shall be included in its taxable income at the reduced rate of 25%, with the applicable enterprise income tax rate of 20%, and the annual taxable income that is not less than 1 million yuan nor more than 3 million yuan shall be included in its taxable income at the reduced rate of 50%, with the applicable enterprise income tax rate of 20%.

Value-added Tax

The Provisional Regulations on Value-added Tax (Amended in 2017) (《增值稅暫行條例(2017修訂)》), which was promulgated on November 19, 2017, and the Detailed Implementing Rules of the Provisional Regulations on Value-added Tax (Amended in 2011) (《增值稅暫行條例實施細則(2011修訂)》), which was promulgated on October 28, 2011, coming into effect on November 1, 2011, setting out that all taxpayers selling goods or providing processing, repairing or replacement services, sales of services, intangible assets and immovable assets and importing goods in China shall pay a value-added tax. A tax rate of 17% shall be levied on general taxpayers selling goods and services, leasing of tangible movable assets or importing goods whereas the applicable rate for the export of goods by

taxpayers shall be nil, unless otherwise stipulated. According to the Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value added Tax Rates (《財政部、國家税務總局關於調整增值税税率的通知》) issued on April 4, 2018 and became effective 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 Notice of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs 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》) issued on March 21, 2019 and became effective on April 1, 2019, the value added tax rate was reduced to 13% and 9%, respectively.

On November 16, 2011, the MOF and the STA promulgated the Trial Scheme for the Conversion of Business Tax to Value-added Tax (《營業税改徵增值税試點方案》), pursuant to the government launched gradual taxation reforms from January 1, 2012, where a value-added tax is imposed in lieu of business tax on a trial basis in regions and industries showing strong economic performance, such as transportation and certain modern service industries.

The Notice on Overall Implementation of the Pilot Program of Replacing Business Tax with Value-added Tax (《財政部、國家税務總局關於全面推開營業税改徵增值税試點的通知》), which was promulgated by the MOF and the STA on March 23, 2016 and came into effect on May 1, 2016, amended on July 1, 2017, December 25, 2017 and March 20, 2019, all business tax payers in the consumer service industry shall pay value-added tax instead of business tax from May 1, 2016. If the taxpayer of the pilot project has already enjoyed tax incentives of business tax according to relevant policies and regulations before the application of the pilot collection of value-added tax in lieu of business tax, he/she may, in the remaining period of tax incentives, enjoy tax incentives of value-added tax in accordance with the relevant provisions.

Withholding Tax and International Tax Treaties

According to the Arrangement on the Avoidance of Double Taxation and Tax Evasion between Mainland and Hong Kong Special Administrative Region (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) entered into between Mainland China and the Hong Kong Special Administrative Region on August 21, 2006, if the non-PRC parent company of a PRC enterprise is a Hong Kong resident which beneficially owns 25% or more interest in the PRC enterprise and is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under applicable PRC laws, the 10% withholding tax rate applicable under the EIT Law may be lowered to 5% for dividends and 7% for interest payments once approvals have been obtained from the relevant tax authorities.

The Notice on the Several Issues of the Implementation of Tax Treaty (《國家税務總局關於執行税收協定股息條款有關問題的通知》), which was promulgated by the STA on February 20, 2009 and came into effect on the same date, stipulates that the non-resident taxpayer or the withholding agent is required to obtain and keep sufficient documentary evidence proving that the recipient of the dividends meets the relevant requirements for enjoying a lower withholding tax rate under a tax treaty if the main purpose of an offshore transaction or arrangement is to obtain a preferential tax treatment.

According to the Administrative Measures on Non-resident Taxpayers to Enjoy the Treatment under Tax Treaties (《非居民納税人享受協定待遇管理辦法》) promulgated by the STA on October 14, 2019 and came into effect on January 1, 2020, where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding through the withholding agent, simultaneously gather and retain the relevant materials for future inspection, and accept follow-up administration by the tax authorities.

The Announcement of the State Administration of Taxation on Issues Relating to "Beneficial Owner" in Tax Treaties (《國家税務總局關於税收協定中"受益所有人"有關問題的公告》) (the "Announcement of Beneficial Owner") issued by the STA on February 3, 2018 and came into effect on April 1, 2018. The Announcement of Beneficial Owner provided that the "beneficial owner" shall mean a person who has ownership and control over the income and the rights and property from which the income is derived. When an individual who is a resident of the treaty counterparty derive dividend income from China, the individual may be determined as a "beneficial owner." The Announcement of Beneficial Owner also specifies that if the business activities carried out by the applicant do not constitute substantive business activities, it will be treated unfavorably in determining whether an applicant has the status as a "beneficial owner."

REGULATIONS ON FOREIGN EXCHANGE CONTROL

The Regulations on the Control of Foreign Exchange of the PRC (Amended in 2008) (《中華人民共和國外匯管理條例(2008修訂)》), 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, sets out that foreign exchange receipts of domestic institutions or individuals may be transferred to China or deposited abroad and that the SAFE shall specify the conditions for transfer to China or overseas and other requirements in accordance with the international receipts, payments status and requirements of foreign exchange control. Foreign exchange receipts for current account transactions may be retained or sold to financial institutions engaged in the settlement or sale of foreign exchange. Domestic institutions or individuals that make direct investments abroad, are engaged in the distribution, sale of valuable securities or derivative products overseas should register according to SAFE regulations. Such institutions or individuals subject to prior approval or record-filing with relevant authorities shall complete the required approval or record-filing prior to foreign exchange registration. The exchange rate for RMB follows a managed floating exchange rate system based on market demand and supply.

According to the Circular of SAFE on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (the "Circular 13") which became effective on June 1, 2015, banks are required to review and carry out foreign exchange registration under offshore direct investment directly. The SAFE and its branches shall implement indirect supervision over foreign exchange registration of direct investment via the banks.

The Circular on Reforming the Management Approach regarding the Settlement of Foreign Capital of Foreign-invested Enterprise (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "Circular 19"), promulgated on March 30, 2015 and became effective in June 1, 2015, allows foreign-invested enterprises to make equity investments by using RMB fund converted from foreign exchange capital. Under the Circular 19, the foreign exchange capital in the capital account of foreign-invested enterprises upon the confirmation of rights and interests of monetary contribution by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) can be settled at the banks based on the actual operation needs of the enterprises. The proportion of discretionary settlement of foreign exchange capital of foreign-invested enterprises is currently 100%. SAFE can adjust such proportion in due time based on the circumstances of the international balance of payments. However, the Circular 19 and the Circular 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專案結匯管理政策的通知》) (the "Circular 16") which came effective in June 16, 2016, continues to prohibit foreign-invested enterprises from, among other things, using RMB fund converted from its foreign exchange capitals for expenditure beyond its business scope, investment and financing (except for security investment or guarantee products issued by banks), providing loans to non-affiliated enterprises or constructing or purchasing real estate not for self-use.

On October 23, 2019, the SAFE released the Circular on Further Promoting Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) (the "Circular 28") which was implemented on the same date. Under Circular 28, besides foreign-invested enterprises engaged in investment business, non-investment foreign invested enterprises are also permitted to make domestic equity investments with their capital funds under the condition that the Negative List 2020 are not violated and the relevant domestic investment projects are true and compliant.

According to the Notice of the SAFE on Optimizing Foreign Exchange Administration 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 and coming into effect on June 1, 2020, eligible enterprises are allowed to make domestic payments by using their capital, foreign credits and the income under capital accounts of overseas listing, without need to provide the evidential materials concerning authenticity of such capital for banks in advance, provided that their utilized capital 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 checks in accordance with the relevant requirements.

REGULATIONS ON H SHARE FULL CIRCULATION PILOT PROJECT

H Share Full Circulation Pilot Project

Pursuant to the notice regarding "the Implementation of H Share Full Circulation Pilot Project to Deepen the Reform of Overseas Listing issued by the CSRC (中國證監會"深化境外上市制度改革開展H股「全流通」試點") on December 29, 2017, "Responses of Chang Depeng, the Spokesman of CSRC on Enquiries of Reporters regarding H Share Full Circulation Pilot Project" (中國證監會新聞發言人常德鵬就開展H股「全流通」試點相關事宜答記者問), the Provisional Implementation Rules on H Share Full Circulation Pilot Project

(H股「全流通」試點業務實施細則(試行)) issued by China Securities Depository and Clearing Company Limited and Shenzhen Stock Exchange on April 20, 2018 and the Provisional Guidelines of H Share Full Circulation Pilot Project (H股「全流通」試點業務指南(試行)) issued by China Securities Depository and Clearing Company Limited on May 22, 2018, for overseas-listed companies which obtained approval of H Share Full Circulation Pilot Project by CSRC (the "Pilot Companies"), the registration authority of relevant share subject to H Share Full Circulation Pilot Project will change from China Securities Depository and Clearing Corporation Limited to a registration authority in Hong Kong, and relevant shares will become shares listed and traded on the Hong Kong Stock Exchange. Pilot Companies will not exceed three, and each of them shall follow certain procedures and meet the following four basic conditions:

(1) It shall comply with the requirements of foreign investments, management of state-owned assets, laws and regulations regarding national security and industrial policies.

(2) The industry in which it engages shall be in line with the concept of innovation, harmony, green, open and sharing, the direction of national industrial policies, as well as national strategies which serve the real economy and support "The Belt and Road Initiative." It shall be a quality enterprise.

(3) Its shareholding structure shall be relatively simple with a market value not less than HK$1 billion.

(4) Its corporate governance and internal decision-making policies shall comply with the laws and regulations and be operable and fully protect rights to information, participating rights and voting rights of its shareholders.

On November 14, 2019, the CSRC issued "the Guidelines on Application for 'Full Circulation' of Domestic Unlisted Shares of H-share 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)) and the supporting catalog of materials for application for "Full Circulation" of H shares and key points for review and of concern, to comprehensively roll out the "Full Circulation" reform of H shares, which allows that H-share companies and proposed H-share listed companies which meet certain conditions may apply to the CSRC for full circulation.

On November 15, 2019, the CSRC issued "The Reply to the Press by the CSRC Spokesperson regarding the Fully Implementation of the 'Full Liquidity' 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》) H Shares company can apply for "full liquidity" alone or together with refinance application. Unlisted corporation can apply for "full liquidity" together with IPO application. Once been approved by CSRC, shareholders of domestic unlisted shares shall change shares registration according to relevant rules of China Securities Depository and Clearing Corporation Limited, as well as relevant rules of shares registration and shares listing of HK market, and shall disclose information lawfully.

Effect of the H Share Full Circulation Pilot Project on the Company

Under the H Share Full Circulation Pilot Project, the Shareholders may circulate their Shares on hand for asset realization, further giving the Shareholders the motivation to promote the Company's development and hence improving the Company's performance. H Share Full Circulation Pilot Project enhances the liquidity of equity interests, which in turn increases the equity values of the original Shareholders and enables a larger capability and higher flexibility in the management of the Company's market values, and thus improves the overall valuation level of the Company in the mid and long run. Upon the H Share Full Circulation, the liquidity of the Shareholders' existing shares will be enhanced. Market premium of such liquidity drives the Company's financing capabilities and, in particular, its long-term borrowing capacities.

JAPAN, EU AND FDA REGULATORY OVERVIEW

Japanese Regulatory Regime

Clinical Trials of Medical Device

In order to obtain the marketing approval (shonin) for medical devices, certain clinical trials must be completed if the clinical efficacy and safety of the medical devices cannot be evaluated based solely on the results of non-clinical studies such as performance tests and animal studies or existing literature. Rules of clinical trials regarding medical devices are stipulated in Ordinance on the Standards for the Implementation of Clinical Trials for Medical Devices ("Medical Devices GCP Ordinance").

Before-marketing clinical trials are required as to new medical devices and some improved medical devices which fall under Class II, III or IV (as defined in Pharmaceutical and Food Safety Bureau Notification No. 032700633 and Pharmaceutical and Food Safety Bureau Notification/Medical Device Evaluation Notification No. 0804000132). Before-marketing clinical trials must be conducted in accordance with Clinical Trial Protocol, which needs to be prepared pursuant to Article 7 or Article 18 of Medical Devices GCP Ordinance.

While before-marketing clinical trials for drugs consist of Phase I, Phase II and Phase III clinical trials, before-marketing clinical trials for medical devices do not have such typical standard structure. Instead, in accordance with the policy of Pharmaceuticals and Medical Devices Agency ("PMDA"), efficient clinical trial plan needs to be designed based on the purpose of use and clinical meaning of the medical device in light of the role of the clinical trial in the overall development plan, bearing in mind the balance between before-marketing and post-marketing clinical data collection.

Registration and Marketing of Medical Device

In relation to medical devices imported from foreign manufacturers, there are two types of licenses: (i) a business license and (ii) a license for a product, in Japanese regulation on medical devices.

With respect to the business license, a company who intends to engage in the business of manufacturing medical devices must obtain registration for each manufacturing facility (a company who intends to manufacture medical devices in a foreign country and export such medical devices to Japan must obtain registration as a Foreign Manufacturer of Medical Devices for each manufacturing facility).

In addition, a company who intends to engaged in the business of marketing medical devices must obtain a marketing license in accordance with the criteria for medical devices set forth in the following table:

Criteria for medical devices	Criteria for license
Specially-controlled medical devices	First-class marketing license for medical devices
Controlled medical devices	Second-class marketing license for medical devices
General medical devices	Third-class marketing license for medical devices
In-vitro diagnostics	Marketing license for in-vitro diagnostics

With respect to the license for a product, a company who intends to market medical devices must make a notification (*todokede*), or obtain certification (*ninsho*) or marketing approval (*shonin*) for each product, depending on the class of the product (with respect to medical devices to be manufactured in foreign countries and exported to Japan, a Foreign Manufacturer of Medical Devices (which is referred to as a "person with special approval for foreign-manufactured medical devices"), instead of the marketer, can (and is not obliged to) apply for the marketing authorization of such product, but the marketing authorization will belong to the marketer (which is referred to as a "designated holder of marketing authorization for foreign-manufactured medical devices") appointed by such applicant even in such case).

EU Regulatory Regime

Overview

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

- Council Directive 90/385/EEC on Active Implantable Medical Devices (AIMD) (1990). This directive applies to active implantable medical devices such as cardiac pacemakers and implantable insulin pumps. It came into effect on January 1, 1993;

- Council Directive 93/42/EEC on Medical Devices (MDD) (1993). This directive applies to medical devices and their accessories other than the active implantable devices covered by AIMDD. It took effect on January 1, 1995; and

- Directive 98/79/EC of the European Parliament and of the Council on in vitro Diagnostic Medical Devices (IVDMD). This directive applies to in vitro diagnostic medical devices and their accessories such as blood cell counters and pregnancy detection devices. Member states of EU were required to adopt and publish the laws, regulations and administrative provisions necessary to comply with IVDMD not later than December 7, 1999 and apply these provisions with effect from June 7, 2000.

Classification of Medical Device

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

Recent Developments in EU Medical Device Regulations

In 2017, the EU formally adopted and issued the new medical device regulation EU2017/745 (MDR) and the in vitro diagnostic medical device regulation EU2017/746 (IVDR). The MDR incorporates the AIMDD, which is combined with the MDD. These two regulations have come into effect already. The MDR was initially expected to become applicable in May 2020 (which was postponed for one year due to the COVID-19 pandemic). The IVDR is expected to become applicable in 2022.

The CE Mark registration for RDN products will be governed by the newly-adopted MDR. We have taken into account the MDR updates with respect to the regulatory pathway of our RDN products in Europe before initiating the clinical trial in Europe. Accordingly, the MDR will not have a material impact on the registration of our RDN products in Europe.

FDA Regulatory Regime

Breakthrough Device Program

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

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

INTRODUCTION

Overview

We are a leading innovative interventional cardiovascular device company in China with a current focus on two therapies: (i) bioresorbable scaffolds (BRS) addressing the unmet medical needs of Chinese patients for the treatment of coronary or peripheral artery diseases, and (ii) renal denervation (RDN) addressing the unmet medical needs of patients for the treatment of uncontrolled hypertension and resistant hypertension.

Our Company was established in the PRC in July 2014 and is focused on the research and development of BRS. AngioCare was established in the PRC in September 2011 and is focused on the research and development of RDN. Mr. Wang has led the operations and management of both of our Company and AngioCare since their respective inception. Mr. Wang has been a director and the controlling shareholder of each of our Company and AngioCare since the early years of our development and throughout the Track Record Period and is regarded as our Founder. For more details of the experience and qualifications of Mr. Wang, please refer to the section headed "Directors, Supervisors and Senior Management" in this prospectus.

Given that both our Company and AngioCare were controlled, managed and operated by Mr. Wang, the Acquisition of AngioCare and the Subscription for Reorganization were carried out as our Reorganization for the purpose of achieving greater operational synergies between the two entities. On September 15, 2020, we acquired 65.69% equity interests in AngioCare through the Acquisition of AngioCare. We have consolidated AngioCare's results of operations since September 21, 2020. For details of the Acquisition of AngioCare, please refer to the paragraphs headed "Reorganization" in this section.

Business Milestones

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

Time	Milestone
2011	AngioCare was established in the PRC with limited liability in September.
2014	Shanghai Bio-heart Biological Technology Co., Ltd. (上海百心安生物技術有限公司), the predecessor of our Company, was established in the PRC with limited liability in July.
2016	We were approved by the NMPA to conduct a single-center feasibility clinical trial and a multi-center confirmatory clinical trial for Bioheart®.
2017	Bioheart® has been recognized as an "innovative medical device" by the NMPA in February and became eligible for an expedited approval process.
	We started the randomized controlled clinical trial (RCT) for Iberis® 2nd.

Time	Milestone
2018	We successfully completed the feasibility clinical trial for Bioheart® on 46 trial subjects in cooperation with Beijing Fuwai Hospital in March.
2019	We completed the enrollment of a total of 431 trial subjects in 22 hospitals for the randomized controlled clinical trial (RCT) of Bioheart® in August.
	We completed our Series A Financing and raised approximately RMB49 million in October.
2020	We completed our Series B Financing and raised RMB20 million in January.
	We completed our Series C Financing and raised RMB211 million in September.
	We completed our Series D Financing and raised approximately USD58 million in September.
	We completed the Reorganization in September.

CORPORATE DEVELOPMENT

Incorporation of Our Company and Initial Equity Transfer

Our Company was established in the PRC on July 18, 2014 with an initial registered capital of RMB100,000. Upon incorporation, the sole shareholder of our Company was Mr. Weiqiu Cai (蔡瑋璆), an Independent Third Party.

Shortly after our Company was established and pursuant to an equity transfer agreement dated September 24, 2014, Mr. Weiqiu Cai transferred the registered capital of RMB100,000 in our Company, representing 100% equity interest, to Winning Powerful at par value. Upon completion of the equity transfer on November 24, 2014, our Company became wholly-owned by Winning Powerful. As of the Latest Practicable Date, Winning Powerful is wholly-owned by Mr. Wang[1].

[1] Winning Powerful is a limited company incorporated in Hong Kong on July 25, 2014. Upon incorporation, it was wholly-owned by Mr. Weiyi William Shao, the nephew and nominee shareholder of Mr. Wang. Given that Mr. Wang is primarily based in the PRC, the nominee arrangement was put in place for administrative convenience such that, for instance, Mr. Weiyi William Shao would be able to sign and file documents in Hong Kong on behalf of and pursuant to the instructions of Mr. Wang on a timely basis. Our Directors have confirmed that there were no legal or practical impediments for Mr. Wang to be the registered shareholder of Winning Powerful. The subscription of shares in Winning Powerful was fully funded by the personal financial resources of Mr. Wang and Mr. Weiyi William Shao exercised the voting rights of Winning Powerful pursuant to the instructions of Mr. Wang. On July 22, 2020, the nominee arrangement was terminated and 100% of the shares in Winning Powerful was transferred back to Mr. Wang at a nominal value of HK$1.

Subsequent Capital Increase and Equity Transfer

Upon certain capital increases and equity transfers, as of January 1, 2019, the commencement of our Track Record Period, the shareholding structure of our Company was as follows:

Shareholder	Registered Capital (RMB)	Equity Interest
Winning Powerful	12,000,000	44.88%
Tibet Zhenshan Venture Capital Investment L.P. (Limited Partnership) (西藏臻善創投創業投資合夥企業(有限合夥)) ("Tibet Zhenshan")	4,545,500	17.00%
Shanghai Xinbang Yihao Enterprise Management Consulting L.P. (上海心邦壹號企業管理諮詢合夥企業) ("Xinbang Yihao")	3,529,400	13.20%
Shanghai Kinetic Co., Ltd. (上海凱利泰醫療科技股份有限公司) ("Shanghai Kinetic")	2,800,000	10.47%
Winning Forward International Limited ("Winning Forward")	1,604,300	6.00%
Ningbo Kaitaixin Equity Investment Center (Limited Partnership) (寧波凱泰興股權投資中心(有限合夥)) ("Kaitaixin Investment")	1,189,300	4.45%
Ningbo Meishan Bonded Port Jiami Investment L.P. (Limited Partnership) (寧波梅山保稅港區嘉芊投資合夥企業(有限合夥)) ("Jiami Investment")	1,069,500	4.00%
Total	**26,738,000**	**100.00%**

Equity Transfer in 2019

Pursuant to an equity transfer agreement dated August 30, 2019, Shanghai Kinetic (SZSE: 300326) transferred the RMB2,800,000 registered capital it held in our Company, representing 10.47% equity interest, to Ningbo Gaochen Enterprise Management L.P. (Limited Partnership) (寧波高辰企業管理合夥企業(有限合夥)) ("Ningbo Gaochen") for a total consideration of RMB14,000,000. The consideration was determined with reference to the investment amount paid by Shanghai Kinetic. The equity transfer was completed on September 18, 2019.

Series A Financing

Pursuant to a capital increase agreement dated September 6, 2019 by and amongst our Company, the following Series A Investors and existing Shareholders of our Company, the registered capital of our Company was increased from RMB26,738,000 to RMB29,341,212. Details of the subscription of the increased registered capital by the following Series A Investors and existing Shareholders of our Company (the "Series A Financing") was as follows:

Subscribers	Amount of Registered Capital	Subscription Price
	(RMB)	(RMB)
Series A Investors		
Suzhou Chenzhide Investment L.P. (Limited Partnership) (蘇州辰知德投資合夥企業(有限合夥)) ("Suzhou Chenzhide")	1,283,424	24,000,000
Shanghai Zhangjiang Technology Venture Investment Co., Ltd. (上海張江科技創業投資有限公司) ("Zhangjiang Venture")	534,760	10,000,000
Qianhai Equity Investment Fund (Limited Partnership) (前海股權投資基金(有限合夥)) ("Qianhai Investment")	320,856	6,000,000
Mr. Xiangdong Lyu (呂向東)(1)	32,086	600,000
Existing Shareholders		
Winning Powerful	410,696	7,680,000
Jiami Investment	21,390	400,000
Total	**2,603,212**	**48,680,000**

Note:

(1) Mr. Xiangdong Lyu and Mr. Wang became acquainted as early shareholders of Shanghai Kinetic Medical Co., Ltd. (SZSE: 300326). Mr. Xiangdong Lyu was then introduced by Mr. Wang to the Group. Mr. Lyu was not named as one of the Pre-IPO Investors as he is an individual investor (i) whose investment in the Company was not for the purpose of the Company's initial public offering and (ii) who was not granted any special rights enjoyed by the Pre-IPO Investors as detailed in the section headed "History, Development and Corporate Structure — Pre-IPO Investments — Rights of the Pre-IPO Investors" in this Prospectus.

The consideration of the Series A Financing was determined after arm's length negotiations between our Company and the Series A Investors with reference to the then status of the business development of our Company. For further details, please refer to the paragraph headed "Pre-IPO Investments" in this section.

Concurrently with the Series A Financing, pursuant to an equity transfer agreement entered into by and between Xinbang Yihao and Suzhou Chenzhide, and an equity transfer agreement entered into by and between Xinbang Yihao and Qianhai Investment, both dated September 6, 2019, Xinbang Yihao transferred the RMB938,919 and RMB234,729 registered capital it held in our Company, representing 3.2% and 0.8% equity interest (on a diluted basis) to Suzhou Chenzhide and Qianhai Investment, for the respective consideration of RMB8,000,000 and RMB2,000,000, respectively. The considerations for each of these transfers was determined after arm's length negotiations by the relevant parties.

Upon completion of the Series A Financing and abovementioned equity transfers on October 28, 2019, the shareholding structure of our Company was as follows:

Shareholder	Registered Capital (RMB)	Equity Interest
Winning Powerful	12,410,696	42.30%
Tibet Zhenshan	4,545,500	15.49%
Ningbo Gaochen	2,800,000	9.54%
Xinbang Yihao	2,355,752	8.03%
Suzhou Chenzhide	2,222,343	7.57%
Winning Forward	1,604,300	5.47%
Kaitaixin Investment	1,189,300	4.05%
Jiami Investment	1,090,890	3.72%
Qianhai Investment	555,585	1.89%
Zhangjiang Venture	534,760	1.82%
Mr. Xiangdong Lyu	32,086	0.11%
Total	**29,341,212**	**100.00%**

Series B Financing

Pursuant to a capital increase agreement dated November 1, 2019 by and amongst our Company and the following Series B Investors and the then existing Shareholders of our Company, our registered share capital was increased from RMB29,341,212 to RMB30,410,732. Details of the subscription of the increased registered capital by the following Series B Investors and existing Shareholders of our Company (the "Series B Financing") was as follows:

Series B Investors	Amount of Registered Capital (RMB)	Subscription Price (RMB)
Suzhou Industrial Park Xinjianyuan Phase III Venture Capital L.P. (Limited Partnership) (蘇州工業園區新建元三期創業投資企業（有限合夥）) ("Xinjianyuan Phase III")	663,102	12,400,000
YuanBio Venture Capital L.P. ("YuanBio Venture")	406,418	7,600,000
Total	**1,069,520**	**20,000,000**

The consideration of the Series B Financing was determined after arm's length negotiations between our Company and the Series B Investors with reference to the then status of the business development of our Company. For further details, please refer to the paragraph headed "Pre-IPO Investments" in this section.

Concurrently with the Series B Financing, pursuant to an equity transfer agreement entered into by and between Xinbang Yihao and Suzhou Chenzhide, an equity transfer agreement entered into by and between Xinbang Yihao and Xinjianyuan Phase III, and an equity transfer agreement entered into by and between Xinbang Yihao and YuanBio Venture, all dated November 1, 2019, Xinbang Yihao transferred the RMB326,972, RMB528,433 and RMB323,879 registered capital it held in our Company, representing 1.11%, 1.80% and 1.10% equity interest (on a diluted basis) to Suzhou Chenzhide, Xinjianyuan Phase III and YuanBio Venture for the respective consideration of RMB5,000,000, RMB8,080,700 and RMB4,952,700, respectively. The considerations for each of the transfers was determined after arm's length negotiations by the relevant parties.

Upon completion of the Series B Financing and equity transfers on January 14, 2020, the shareholding structure of our Company was as follows:

Shareholder	**Registered Capital**	**Equity Interest**
	(RMB)	
Winning Powerful	12,410,696	40.81%
Tibet Zhenshan	4,545,500	14.95%
Ningbo Gaochen	2,800,000	9.21%
Suzhou Chenzhide	2,549,315	8.38%
Winning Forward	1,604,300	5.28%
Xinjianyuan Phase III	1,191,535	3.92%
Kaitaixin Investment	1,189,300	3.91%
Xinbang Yihao	1,176,468	3.87%
Jiami Investment	1,090,890	3.59%
YuanBio Venture	730,297	2.40%
Qianhai Investment	555,585	1.83%
Zhangjiang Venture	534,760	1.76%
Mr. Xiangdong Lyu	32,086	0.11%
Total	**30,410,732**	**100.00%**

Capital Increase pursuant to Reorganization and Series C Financing

Pursuant to the capital increase agreement dated September 4, 2020 entered into by and amongst our Company, AngioCare, Shanghai Baixinantong, Mr. Wang, the following Series C Investors and the then existing Shareholders of our Company, the registered capital of our Company was increased from RMB30,410,732 to RMB45,642,314. Amongst the increased registered capital of RMB15,231,582, RMB7,602,683 was subscribed by Shanghai Baixinantong at nominal value, RMB2,097,292 was subscribed by Mr. Wang at a cash consideration of RMB80,000,000 pursuant to the Reorganization, and the remaining RMB5,531,607 was subscribed by the following Series C Investors. Details of the subscription by the following Series C Investors (the "Series C Financing") was as follows:

Series C Investors	Amount of Registered Capital	Subscription Price
	(RMB)	(RMB)
Magic Grace Limited ("Magic Grace")	2,621,615	100,000,000 (paid in USD equivalent)
Loyal Valley Innovation Capital (HK) Limited ("Loyal Valley")	1,310,807	50,000,000 (paid in USD equivalent)
CMV HK Limited ("CMV")	367,026	14,000,000 (paid in USD equivalent)
Xinjianyuan Phase III	325,080	12,400,000
Zhongyuan Qianhai Equity Investment L.P. (Limited Partnership) (中原前海股權投資基金(有限合夥)) ("Zhongyuan Qianhai")	209,729	8,000,000
Qianhai Investment	209,729	8,000,000
YuanBio Venture	199,243	7,600,000 (paid in USD equivalent)
Suzhou Chenzhide	157,297	6,000,000
Beijing Cuiweikechuang Equity Investment Fund Center (Limited Partnership) (北京翠微科創股權投資基金中心(有限合夥)) ("Cuiweikechuang")	131,081	5,000,000
Total	**5,531,607**	**211,000,000**

The consideration for the Series C Financing was determined after arm's length negotiations between our Company and the Series C Investors with reference to the then status of the business development of our Company. For further details, please refer to the paragraph headed "Pre-IPO Investments" in this section. The Series C Financing was completed on September 18, 2020.

For details on the Reorganization, please refer to the paragraph headed "Reorganization" in this section.

Series D Financing

Pursuant to an investment agreement dated September 23, 2020 entered into by and amongst our Company, AngioCare, Shanghai Baihate, the following Series D Investors and the then existing Shareholders of our Company, the registered capital of our Company was increased from RMB45,642,314 to RMB59,816,372. Amongst the increase registered capital of RMB14,174,058, RMB6,906,730 was subscribed by Shanghai Baihate at nominal value, and the remaining RMB7,267,328 was subscribed by the following Series D Investors. Details of the subscription by the following Series D Investors (the "Series D Financing") was as follows:

Series D Investors	Amount of Registered Capital	Subscription Price
	(RMB)	(USD)
TPG Asia VII SF Pte. Ltd. ("TPG")	5,642,594	45,000,000
Worldwide Healthcare Trust Plc ("WWH")	812,367	6,478,672
Loyal Valley	406,183	3,239,336
Magic Grace	203,092	1,619,668
OrbiMed New Horizons Master Fund, L.P. ("ONH")	121,855	971,801
OrbiMed Genesis Master Fund, L.P. ("OGM")	81,237	647,867
Total	**7,267,328**	**57,957,344**

The consideration for the Series D Financing was determined after arm's length negotiations between our Company and the Series D Investors with reference to the then status of the business development of our Company. For further details, please refer to the paragraph headed "Pre-IPO Investments" in this section. The Series D Financing was completed on September 23, 2020.

Concurrently with the Series D Financing, Ningbo Gaochen and Kaitaixin Investment transferred RMB2,800,000 and RMB1,189,300 registered capital in our Company, representing all of their respective equity interests in our Company, to the following Series D Investors:

Transferors	Transferees	Registered Capital transferred	Consideration
Ningbo Gaochen	Magic Grace	RMB350,000	USD2,372,579
	Loyal Valley	RMB700,000	USD4,745,158
	WWH	RMB1,400,000	USD9,490,316
	OGM	RMB140,000	USD949,032
	ONH	RMB210,000	USD1,423,547
Kaitaixin Investment	Magic Grace	RMB148,663	USD1,007,753
	Loyal Valley	RMB297,324	USD2,015,506
	WWH	RMB594,650	USD4,031,012
	OGM	RMB59,465	USD403,101
	ONH	RMB89,198	USD604,652

The consideration of the equity transfers were determined by the parties after arm's length negotiations with reference to the valuation of the Series D Financing. The equity transfers were completed on September 23, 2020.

Upon completion of the Reorganization, Series C Financing, Series D Financing and the abovementioned equity transfers, the shareholding structure of our Company was as follows:

Shareholder	Registered Capital (RMB)	Equity Interest
Winning Powerful	12,410,696	20.75%
Mr. Wang	2,097,292	3.51%
Shanghai Baixinantong	7,602,683	12.71%
Shanghai Baihate	6,906,730	11.55%
TPG	5,642,594	9.43%
Tibet Zhenshan	4,545,500	7.60%
Magic Grace	3,323,370	5.56%
WWH	2,807,017	4.69%
ONH	421,053	0.70%
OGM	280,702	0.47%
Loyal Valley	2,714,314	4.54%
Suzhou Chenzhide	2,706,612	4.52%
Winning Forward	1,604,300	2.68%
Xinjianyuan Phase III	1,516,615	2.54%
YuanBio Venture	929,540	1.55%
Xinbang Yihao	1,176,468	1.97%
Jiami Investment	1,090,890	1.82%
Qianhai Investment	765,314	1.28%
Zhangjiang Venture	534,760	0.89%
CMV	367,026	0.61%
Zhongyuan Qianhai	209,729	0.35%
Cuiweikechuang	131,081	0.22%
Mr. Xiangdong Lyu	32,086	0.05%
Total	**59,816,372**	**100.00%**

REORGANIZATION

Incorporation of AngioCare

AngioCare was established in the PRC on September 28, 2011 with an initial registered capital of RMB20,000,000. Mr. Wang has been a director and the general manager of AngioCare since it was incorporated.

Upon incorporation, it was owned as to 50% and 50% by Mr. Shengji Zhu (朱聖吉), a cousin of Ms. Jiaqi Hong and an Independent Third Party, and Ms. Huina Hu (胡惠娜), the mother and nominee shareholder of Mr. Jay Qin, a former technology consultant of AngioCare. Mr. Qin has fully funded the subscription of equity interest in AngioCare with his personal financial resources and Ms. Hu exercised the voting rights in AngioCare pursuant to his instructions. Our PRC Legal Adviser has confirmed that the nominee shareholding arrangement did not contravene applicable laws and regulations.

AngioCare became a joint venture after the strategic alliance with Terumo was established in November 2012. For details, please refer to the paragraphs headed "Business — Sales, Distribution and Marketing — Strategic Alliance with Terumo."

Upon certain changes in registered capital and equity transfers, as of January 1, 2019, the commencement of our Track Record Period, the shareholding structure of AngioCare was as follows:

Shareholders of AngioCare	Registered Capital (RMB)	Equity Interest
Ms. Huina Hu	1,726,000	28.35%
Ms. Jiaqi Hong[(1)]	1,726,000	28.35%
Terumo (China) Investment Co., Ltd. (泰爾茂(中國)投資有限公司)	1,480,000	24.31%
Ningbo Chunyuan Equity Investment L.P. (寧波淳元投資股權投資合夥企業(有限合夥)) ("Ningbo Chunyuan")[(2)]	608,900	10.00%
Shanghai Xinyou Investment Consulting L.P. (Limited Partnership) (上海欣祐投資諮詢合夥企業(有限合夥)) ("Shanghai Xinyou")[(3)]	548,000	8.99%

Notes:

(1) Ms. Jiaqi Hong is the wife and nominee shareholder of Mr. Wang. The nominee arrangement was due to family asset planning reasons. Our PRC Legal Adviser has confirmed that there were no legal or practical impediments for Mr. Wang to be the registered shareholder of AngioCare. Mr. Wang fully funded the acquisition of equity interest in AngioCare and Ms. Hong has exercised the voting rights in AngioCare pursuant to the instructions of Mr. Wang. Our PRC Legal Adviser has confirmed that the nominee shareholding arrangement did not contravene applicable laws and regulations.

(2) Ningbo Chunyuan is a limited partnership established in the PRC in December 2014. It is primarily engaged in equity investments. Its investment manager is Healthcare Alpha Management (上海淳元私募基金管理有限公司), an investment company focusing on the healthcare industry.

(3) Shanghai Xinyou was an employee incentive platform of AngioCare and was owned as to 71.80% by Ms. Jiaqi Hong (as the nominee of Mr. Wang) as the general partner and as to 28.20% by 6 current employees and 7 former employees of AngioCare as limited partners. The current employees include a financial manager, a clinical director, a quality engineer, a production team leader, a production worker and an administrative assistant of AngioCare. The former employees include a former vice general manager, a former technical director, a former clinical director, a former quality compliance manager, two former technical managers and a former merchandiser of AngioCare. Save for Peili Wang, the current financial manager of AngioCare mentioned above who is also a Supervisor of the Company, the other limited partners are Independent Third Parties. Ms. Hong exercised the shareholder's rights of Shanghai Xinyou as its general partner pursuant to the instructions of Mr. Wang. Our PRC Legal Adviser has confirmed that the nominee arrangement did not contravene applicable laws and regulations.

Acquisition of AngioCare and Subscription for Reorganization

For the reasons stated in the paragraph headed "Reasons for the Reorganization" below, at the level of AngioCare, our Company acquired the equity interests in AngioCare held by Ms. Jiaqi Hong for and on behalf of Mr. Wang, the equity interest held by Shanghai Xinyou and the equity interest held by Ms. Huina Hu for and on behalf of Mr. Jay Qin, and at the level of our Company, Mr. Wang subscribed for equity interests in our Company. Since AngioCare was incorporated, Mr. Wang has been serving as a director and the general manager of AngioCare, responsible for its overall strategic planning, business direction and operational management, whereas Mr. Jay Qin had only assumed the role of a technology consultant from September 2011 to September 2020 and had not been involved in AngioCare's overall strategic planning, business direction or operational management until our Company's acquisition of AngioCare. As such, Mr. Wang is considered as the founder of AngioCare. After our Company's acquisition of AngioCare, Mr. Jay Qin executed a written declaration on November 16, 2020 stating, among others, (a) his acknowledgment of AngioCare's full ownership of the intellectual property rights pertaining to renal denervation developed during his tenure as a consultant of AngioCare (the "AngioCare IP Rights") and (b) that he would not initiate any claims on the AngioCare IP Rights in the future.

The consideration for the Acquisition of AngioCare was determined with reference to AngioCare's then valuation of RMB351,000,000 as at June 30, 2020 as reflected in the valuation report dated September 9, 2020 issued by Sinotop Appraisal Co., Ltd. (北京中鋒資產評估有限責任公司), an Independent Third Party valuer. In such valuation report, the valuer adopted the discounted cash flow method, which is a method used to estimate the value of an investment or entity based on its expected future cash flows to determine AngioCare's underlying equity based on the following key assumptions: (a) AngioCare was a going concern and would continue its operations for the foreseeable future; (b) AngioCare would continue to operate after the Acquisition and be utilized by the buyer for the purpose it served at the time of the Acquisition and (c) AngioCare was transacted in an open market between buyers and sellers negotiating on an arm's length basis. The consideration for the subscription of equity interest in our Company by Mr. Wang was determined with reference to the then valuation of our Company of RMB1,450,000,000 as adopted in the Series C Financing.

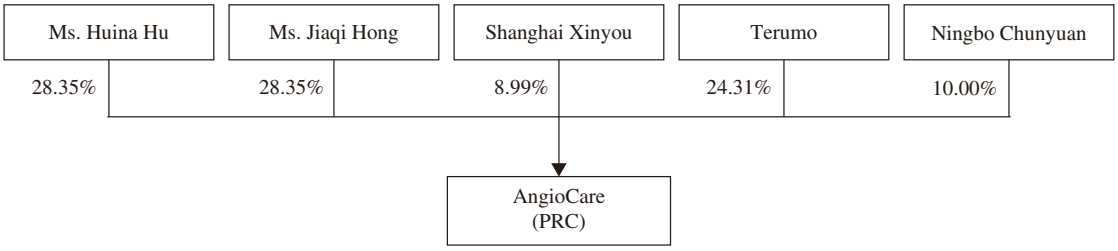
There was an increase in valuation from Series C Financing to Series D Financing (the "Valuation Increase") because the consideration for the Series C Financing was agreed on September 4, 2020, which was based on a valuation prior to the completion of the Acquisition of AngioCare by our Company on September 21, 2020 (the "Acquisition"), the resulting consolidation of AngioCare into our Group and the synergies thus generated, whereas the consideration for the Series D Financing was agreed on September 23, 2020, which was based on a valuation subsequent to the Acquisition.

The Valuation Increase was significantly higher than the valuation of AngioCare for the purpose of its acquisition by the Company for the following reasons:

(a) the valuation of AngioCare as a standalone entity is lower than its value added to the enlarged group, which enjoys operational and financial synergies generated from the unified business processes, centralized procurement and manufacturing, and sharing of working relationships with KOLs, physicians and hospitals within the Group as between the Company and AngioCare; and

(b) goodwill arose in the acquisition of AngioCare as reflected in the consolidated statements of financial position of the enlarged Group. The valuation adopted for the Series D Financing included the consideration paid for the combination, which took into account the amounts in relation to the benefits of expected synergies, research and development ability, future market development and the assembled workforce of AngioCare.

A simplified corporate structure of AngioCare immediately prior to the Acquisition of AngioCare was as follows:



The relevant steps involved in the Reorganization are as follows:

Step 1: Acquisition of AngioCare

Pursuant to an equity transfer agreement dated September 10, 2020 entered into by Ms. Jiaqi Hong, Ms. Huina Hu, Shanghai Xinyou and our Company, Ms. Hong, Ms. Hu and Shanghai Xinyou transferred the RMB1,726,000, RMB1,726,000 and RMB548,000 registered capital they respectively owned in AngioCare, representing 28.35%, 28.35% and 8.99% equity interests in AngioCare, to our Company for a consideration of RMB99,223,425, RMB99,223,425 and RMB31,503,150, respectively. The consideration for each of the transfers was determined with reference to the then valuation of AngioCare of RMB351,000,000 as assessed by an independent third party valuer.

According to Rule 4.05A of the Listing Rules, the acquisition of AngioCare would have been classified, on the date of application for the Company's Listing, as a major transaction under Chapter 14 of the Listing Rules. For details, please refer to "Financial Information — Basis of Preparation — Acquisition of AngioCare" and the Accountants' Report of AngioCare in Appendix IB to this prospectus.

Step 2: Subscription for Reorganization

Concurrently with the Series C Financing and pursuant to the Reorganization, Mr. Wang subscribed for RMB2,097,292 of our registered capital, representing 3.51% equity interest in our Company as of the Latest Practicable Date at a consideration of RMB80,000,000, which represented the net proceeds Mr. Wang received from the sale of his equity interest in AngioCare to our Company after deducting the relevant tax expenses. The consideration for the subscription of the 3.51% equity interest was determined with reference to the pre-money valuation of our Company of RMB1,450,000,000 adopted in the Series C Financing and the Reorganization.

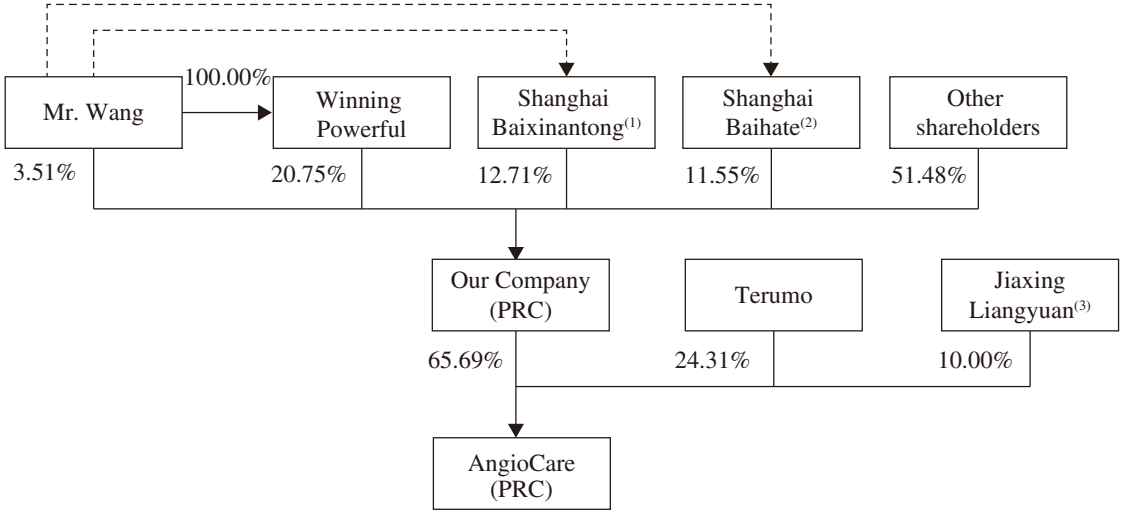
Reasons for the Reorganization

The Reorganization was conducted in order to (i) integrate the businesses and centralize the management of BioHeart and AngioCare given that the operations of both BioHeart and AngioCare have been managed and overseen by Mr. Wang since their respective inception; (ii) restructure the corporate structures of BioHeart and AngioCare for us to become an integrated vascular interventional procedural device platform provider for bioresorbable scaffolds (BRS) and renal denervation (RDN); and (iii) restructure the interests of our Controlling Shareholder.

Prior to the Reorganization, both companies operated as separate business units. Whilst the strategic management and operations of both companies were led by Mr. Wang and there were certain overlaps in staff members of the finance and clinical trial management functions of the two companies, the day-to-day administration of each company, including human resources, finance, clinical trial management, and marketing functions, operated separately. Upon and subsequent to the Reorganization, the respective functions in the day-to-day administration of both companies were consolidated. Further, ownership of intellectual property previously held by BioHeart and AngioCare were also consolidated under our Group. Our Directors are of the view that the integration was beneficial to the Group, given the cost and operational efficiencies generated from unified business processes, centralized procurement and manufacturing, and sharing of working relationships with KOLs, physicians and hospitals within the Group. Accordingly, as a result of the Reorganization, there was considerable integration of the day-to-day administration of the businesses of BioHeart and AngioCare.

We expect the synergetic effects resulting from the restructuring of the businesses of bioresorbable scaffolds (BRS) and renal denervation (RDN) would be to save costs and improve operational efficiency, mitigate significant uncertainties and risks involved in the development of innovative medical devices, and help us to expand our product portfolio and expedite our product iteration. For further details, please refer to the paragraph headed "Business — Our Competitive Strengths" in this prospectus.

Upon completion of the Reorganization (taking into account the Series C Financing and Series D Financing which were conducted concurrently or immediately after the Reorganization), our simplified corporate structure was as follows:



Notes:

(1) Shanghai Baixinantong was established on July 17, 2020. To facilitate the establishment of Shanghai Baixinantong and the Reorganization, Ms. Peili Wang, our Supervisor and financial manager, acted as the interim sole executive partner of Shanghai Baixinantong from September 15, 2020 to November 15, 2020. Mr. Wang replaced Ms. Wang as the sole executive partner of Shanghai Baixinantong since November 15, 2020. During the interim period from July 17, 2020 to November 15, 2020, Mr. Wang remained in control of Shanghai Baixinantong as he was a limited partner with 34% partnership interest.

(2) Since December 10, 2020, Mr. Wang has been in control of the voting rights of the shares held by the Shanghai Baihate by virtue of the proxy agreement entered into between Shanghai Baihate and Mr. Wang. For details, please refer to the paragraph headed "Voting Arrangement" in this section.

(3) Ningbo Chunyuan transferred the RMB608,900 registered capital, representing 10.00% equity interest it held in AngioCare, to Jiaxing Liangyuan Equity Investment L.P. (Limited Partnership) 嘉興量元股權投資合夥企業(有限合夥), whose ultimate beneficial owner is Ms. Jiaying Fu, who is an Independent Third Party, for a consideration of RMB35,000,000 on September 15, 2020.

Our PRC Legal Adviser has confirmed that the increases of registered capital and equity transfers in respect of our Company and AngioCare, the Acquisition of AngioCare and the Subscription for Reorganization as described above have been properly and legally completed and all regulatory approvals have been obtained in accordance with PRC laws and regulations.

JOINT STOCK REFORM

Pursuant to the Promoters' agreement dated November 23, 2020 and the shareholders' resolutions dated November 24, 2020, the then existing Shareholders of our Company agreed to convert our Company into a joint stock limited liability company with a registered capital of RMB220,000,000. According to the audit report of our Company upon joint stock reform and capital verification report of our Company upon joint stock reform prepared by Ernst & Young Hua Ming LLP, as at September 30, 2020, the net asset value of our Company amounted to RMB727,354,524.01, of which RMB220,000,000 has been converted into 220,000,000 Shares of RMB1.0 par value each, and issued to the then Shareholders of our Company in proportion to their capital contribution to our Company at the ratio of 1:3.3062. The remaining amount of RMB507,354,524.01 was converted to capital reserve. Upon the completion of registration with the Shanghai Administration for Market Regulation (上海市市場監督管理局) on December 8, 2020, our Company was converted into a joint stock company with limited liability, and renamed as Shanghai Bio-heart Biological Technology Co., Ltd. (上海百心安生物技術股份有限公司).

INCORPORATION OF HONG KONG BIO-HEART

Hong Kong Bio-heart was incorporated on April 7, 2021 as a limited company in Hong Kong. It is our wholly-owned subsidiary to facilitate local administration in Hong Kong.

EMPLOYEE INCENTIVE SCHEMES

In recognition of the contributions of our employees and consultants and to incentivize them to further promote our development, Shanghai Baixinantong and Shanghai Baihate were established in the PRC as our employee incentive platforms.

Shanghai Baixinantong

Shanghai Baixinantong Enterprise Management Consulting L.P. (Limited Partnership) (上海百心安通企業管理諮詢合夥企業(有限合夥)) was established in the PRC on July 17, 2020 and Mr. Wang is the sole executive partner with 34% partnership interest and is responsible for the management of Shanghai Baixinantong. As of the Latest Practicable Date, the limited partners of Shanghai Baixinantong are set out as follows:

Limited Partner	Current Position(s) in the Company	Equity Interest
Mr. Wang	Executive Director, Chairman of the Board, General Manager	34.00%
Mr. Jay Qin	N/A	40.85%
Mr. Yunqing Wang	Executive Director, Chief Financial Officer, Board Secretary, Joint Company Secretary	5.00%
Ms. Jun Li	Legal Director	5.00%
Ms. Peili Wang	Supervisor, Financial Manager	3.50%
Mr. Chenzhao Zhang	Supervisor, Head of Technology (RDN)	3.00%
Mr. Tao Cai	Supervisor, Head of Technology (BRS)	3.00%
Mr. Xi Hu	Clinical Director	3.00%
Mr. Lei Zhu	Quality Compliance Director	1.50%
Ms. Rui Chen	Quality Compliance Manager	0.50%
Mr. Junyi Wang	Technical Manager	0.50%
Ms. Shaying Zhang	Internal Control Manager	0.05%
Ms. Juan Wei	Treasurer	0.05%
Mr. Bin Jin	Production Manager	0.05%

Shanghai Baihate

Shanghai Baihate Enterprise Management Consulting L.P. (Limited Partnership) (上海百哈特企業管理諮詢合夥企業(有限合夥)) was established in the PRC on September 18, 2020 and Ms. Peili Wang, our Supervisor and financial manager, is the sole executive partner with 1.62% partnership interest and is responsible for the management of Shanghai Baihate. The limited partners of Shanghai Baihate are set out as follows:

Limited Partner	Current Position(s) in the Company	Equity Interest
Mr. Wang	Executive Director, Chairman of the Board, General Manager	62.19%
Mr. Yunqing Wang	Executive Director, Chief Financial Officer, Board Secretary, Joint Company Secretary	8.10%
Mr. Tao Cai	Supervisor, Head of Technology (BRS)	7.56%
Mr. Chenzhao Zhang	Supervisor, Head of Technology (RDN)	7.56%
Mr. Xi Hu	Clinical Director	7.56%
Ms. Jun Li	Legal Director	5.40%
Ms. Peili Wang	Supervisor, Financial Manager	1.62%

VOTING ARRANGEMENT

On December 10, 2020, Shanghai Baihate and Mr. Wang entered into a proxy agreement pursuant to which Shanghai Baihate agrees and confirms that it has, since December 10, 2020 (the date when the shareholders' meeting approving the Listing was held), unconditionally and irrevocably appointed Mr. Wang as its proxy to exercise its shareholder's rights, including but not limited to the voting rights attached to the Shares it holds. Shanghai Baihate also agrees that it will not object to or reject any decisions made by Mr. Wang when he exercised the voting rights in his capacity as a proxy. Any increase in Shares owned by Shanghai Baihate will automatically be subject to the proxy agreement.

Separately, Mr. Wang is the sole executive partner of Shanghai Baixinantong who is entitled to exercise its shareholder's rights pursuant to the relevant partnership agreement dated October 20, 2020 (the "Baixinantong Partnership Agreement"), including but not limited to the voting rights attached to the Shares it holds. Material clauses of the Baixinantong Partnership Agreement cover the role and responsibilities of the executive partner(s), the rights to dividends and liabilities for losses shared by all partners, the transfer of partnership interests, the liquidation events of the partnership and the dispute resolution mechanism of the partnership.

PRE-IPO INVESTMENTS

The Pre-IPO Investments include: (i) Series A Financing; (ii) Series B Financing; (iii) Series C Financing; and (iv) Series D Financing. The basis of determination for the consideration of the Pre-IPO Investments were from arm's length negotiation between our Company and the Pre-IPO Investors after taking into consideration the timing of the investments and the status of our business and operating entities.

	Series A	Series B	Series C	Series D
Date of agreement	September 6, 2019	November 1, 2019	September 4, 2020	September 23, 2020
Date of which investment was fully settled[(1)]	September 16, 2020	September 16, 2020	September 28, 2020	September 28, 2020
Cost per Share paid[(2)]	RMB5.59	RMB5.59	RMB11.40	RMB13.88
Discount to the Offer Price[(3)]	70.36%	70.36%	39.56%	26.41%
Amount of consideration paid	Approximately RMB49 million	RMB20.0 million	RMB211 million	Approximately USD58 million
Post-money valuation of our Company[(4)]	Approximately RMB549 million	Approximately RMB569 million	Approximately RMB1,741 million	Approximately USD477 million

	Series A	Series B	Series C	Series D
Lock-Up Period	Subject to a lock-up period of 12 months following the Listing Date pursuant to the PRC Company Law.			
Use of proceeds from the Pre-IPO Investments	The proceeds have been used to support the research and development activities of our Group, including the research and development activities conducted for our Core Product, as well as to support the working capital needs of our Group. As of the Latest Practicable Date, approximately 52.19% of the net proceeds from the Pre-IPO Investors were utilized. We intend to utilize the remaining net proceeds from the Pre-IPO Investments after the Global Offering.			
Strategic benefits of the Pre-IPO Investors brought to our Company	At the time of the Pre-IPO Investments, our Directors were of the view that our Company could benefit from the additional capital that would be provided by the Pre-IPO Investors' investments in our Company and the Pre-IPO Investors' knowledge and experience. Further, our non-executive Directors represent certain of our Pre-IPO Investors and they complement our executive Directors to support good corporate governance.			

Notes:

(1) The periods between the dates of the investment agreements and settlement of Series A Financing and Series B Financing were comparatively longer than that of the other rounds of financing because the Company had to fulfill certain closing conditions prior to the settlement of investments. Pursuant to the capital increase agreement dated September 4, 2020 entered into amongst, among others, the Series A Investors, Series B Investors and Series C Investors, the Series A Investors and Series B Investors agreed to waive such closing conditions and settle the then outstanding portions of their respective investments prior to the injection of capital into our Company by the Series C Investors.

(2) Calculated based on the currency conversion rate of USD1:RMB6.40.

(3) Calculated on the basis of the Offer Price of HK$23.02, the mid-point of the proposed range of the Offer Price, and based on the currency conversion rate of RMB1:HKD1.2205.

(4) The post-money valuation figures equal the total consideration paid by the Pre-IPO Investors in each round divided by the shareholding percentage of them immediately following their investment. The increase in valuation from Series B Financing to Series C Financing was mainly due to (i) the publication of "Chinese Expert Consensus on the Clinical Application of Coronary Bioresorbable Scaffold" by the Chinese Society of Cardiology of Chinese Medical Association in May 2020, which concludes that BRS has shown positive therapeutic effects and promising prospects of application; and (ii) the approval of two first-generation BRS products, namely, NeoVas and Xinsorb, in September 2019 and March 2020, respectively, signifying positive market development of China's BRS market. The increase in valuation from Series C Financing to Series D Financing was mainly due to the completion of Reorganization and the consolidation of the business of AngioCare into our Group on September 21, 2020.

Reasons for the increase in the Company's valuation from Series D Financing to the Proposed IPO Valuation

Calculated on the basis of the Offer Price of HK$23.02, the mid-point of the proposed range of Offer Price, the valuation of the Company upon Listing will be approximately HK$5,615 million (the "**Proposed IPO Valuation**").

As a medical device company, the Company adopted the discounted cash flow method ("**DCF**") to determine its underlying equity. Compared to DCF which is an absolute valuation method, relative valuation methods such as comparable multiples including price-to-earnings, EV/EBITDA or price-to-sales are not applicable for the valuation of the Company because the Company and its peers are medical device companies, who are either at a pre-revenue or loss-making stage.

The valuation of pre-revenue biotech companies, such as the Group, is customarily conducted using DCF, which is a commonly accepted valuation methodology, especially at the time of an initial public offering. The DCF method, such as that performed for the Group in the preparation of its listing application materials, is able to capture risk-adjusted future earnings for all clinical-stage products in the pipeline while taking into account the specificities of each biotech company. Key factors considered in the DCF modeling include overall market size for each of the Group's core products (such as prevalence rate, diagnostic rate, treatment rate), probability of success for the Group's core products, penetration of the Group's core products within the addressable market, various operating costs for production, continued R&D, distribution and selling expenses, cost of capital, etc. Given the risk profile of a new listing, the value derived from DCF is normally adjusted with a conservative IPO discount, along with considerations around the market environment and investor sentiment, resulting in the range of expected valuation of our Company in this Prospectus.

As a point of reference, the post-money valuation of the Company upon the completion of its Series D Pre-IPO Investment in September 2020 was USD477 million, which was also mainly determined using DCF as well as commercial arm's length negotiations. The premium of the Company's expected market capitalization at the time of Listing over the Series D Pre-IPO Investment has taken into account (i) advancements in our other pipeline products including our balloon catheter products, for instance, (A) we have completed our in-house tests in February 2021 on the generator which is used together with the balloon catheter products, the results of which show that such generator can be used to support the performance requirements of our balloon catheter products, namely to support the use of such catheters for the treatment of calcification and stenosis of the coronary artery, the peripheral vascular calcification and stenosis, as well as the treatment for valve calcification and stenosis; and (B) we have successfully registered a patent for our balloon catheter products in April 2021 and submitted three more patent registrations for our balloon catheter products in the first and second quarters of 2021; (ii) the increase in our leased spaces of 3,602.6 sq.m. commencing from December 2020 for manufacturing purposes reflecting our business expansion to prepare for the commercialization of our Core Product. For further details, please refer to the paragraphs headed "Business — Properties — Leased Properties" in this prospectus; (iii) the premium attached to the shares of the Company as they become freely tradeable when the Company becomes a public company and (iv) the positive market anticipation towards the Company's products due to, for example, the release of clinical trial data of overseas RDN product candidates by other medical devices companies during the

second quarter of 2021 showing that RDN could be a viable alternative to help patients to achieve better overall control of hypertension.

Rights of the Pre-IPO Investors

The Pre-IPO Investors were granted customary special rights, including but not limited to divestment right, pre-emptive right, information right and anti-dilution right. Except for the rights as described below, all other special rights shall cease to be effective and be discontinued upon the Listing.

Listing Divestment Right

Pursuant to the shareholders' agreement dated September 23, 2020 (the "Shareholders' Agreement) and the supplemental shareholders' agreement dated November 6, 2020 (the "Supplemental Shareholders' Agreement"), each Pre-IPO Investor is given the right to request Winning Powerful to purchase the Shares each Pre-IPO Investor then holds at the specified purchase price if the Company could not complete a qualified initial public offering meeting criteria described in the Shareholders' Agreement within three years from the date when the Series D Financing was closed, i.e., September 30, 2023 ("Listing Divestment Right"). The Listing Divestment Right shall only be exercisable if the Listing is not completed by September 30, 2023 and will terminate upon Listing.

TPG Divestment Right

Pursuant to the Supplemental Shareholders' Agreement and an agreement dated November 6, 2020 between our Company, Mr. Wang, Winning Powerful and TPG, the parties agreed that in the event that the Unlisted Foreign Shares held by TPG cannot be converted to H Shares and be traded on the Hong Kong Stock Exchange before the first anniversary of the Listing Date, TPG is entitled to request Mr. Wang to repurchase the all or part of the Unlisted Foreign Shares held by TPG (the "TPG Divestment Right"). In respect of the purchase price: (i) if the Company, Winning Powerful and Mr. Wang have performed their obligations and undertaking for the application for conversion of the Unlisted Foreign Shares held by TPG into H Shares, the purchase price shall be equal to the investment amount paid by TPG with 10% annual compounding interest rate; and (ii) if the Company, Winning Powerful and Mr. Wang failed to perform their obligations and undertaking for the application for conversion of the Unlisted Foreign Shares held by TPG into H Shares, the purchase price shall be calculated using the volume weighted average price of the Company's H shares in the 30 days preceding the date of the divestment notice. If (i) the conversion of the Unlisted Foreign Shares of TPG into H Shares is approved before the first anniversary of the Listing Date, or (ii) the Unlisted Foreign Shares of TPG become qualified to be traded on the Hong Kong Stock Exchange before the first anniversary of the Listing Date, the TPG Divestment Right will cease to have effect.

Following the Listing, the share capital of our Company will comprise H Shares, Unlisted Foreign Shares and Domestic Shares, which carry different rights and are regarded as different classes of Shares under the Articles of Association. Whereas H Shares will be freely transferable on the Hong Kong Stock Exchange after the Listing, Domestic Shares and Unlisted Foreign Shares are not tradeable publicly. As such, TPG is subject to significantly different risks, relating to the lack of liquidity of the Unlisted Foreign Shares they invested in

if the conversion application for the Unlisted Foreign Shares into H Shares is not approved by the CSRC. The TPG Divestment Right was granted to cater for such risks which investors in the Global Offering are not subject to. In addition, the TPG Divestment Right was granted by Mr. Wang and will not be funded by the Company. Therefore, they do not fall within Guidance Letter HKEX-GL43-12 issued in October 2012 by the Hong Kong Stock Exchange and can survive Listing.

Given that the CSRC has approved the conversion and listing on the Stock Exchange of all of the 20,753,025 Unlisted Foreign Shares held by TPG, such Unlisted Foreign Shares will be converted into H Shares upon Listing and as such, the TPG Divestment Right will no longer be effective upon Listing.

Information about our Pre-IPO Investors

Our Pre-IPO Investors are mainly experienced investors, such as dedicated healthcare funds and biotech funds as well as established funds with a focus on investments in the biopharmaceutical sector, including the following:

1. **TPG:** TPG Asia VII SF Pte. Ltd. was incorporated on August 23, 2017 in Singapore as a private company limited by shares. It is an affiliate of TPG Capital, a sophisticated investor and a leading global alternative asset firm founded in 1992 with approximately US$85 billion of assets under management as of September 30, 2020.

2. **Legend Capital:** Magic Grace is a limited company incorporated in Hong Kong and is owned by LC Healthcare Fund II, L.P. and LC Continued Fund IV, L.P.. LC Healthcare Fund II, L.P. and LC Continued Fund IV, L.P. are managed by Legend Capital Co., Ltd. (君聯資本管理股份有限公司) and its affiliates ("Legend Capital"). The core business of Legend Capital is early-stage venture capital and expansion-stage growth capital investment. Legend Capital, a sophisticated investor, focuses on innovation and growth enterprises with operations in China or related to China. Legend Capital is now managing several USD funds and RMB funds with a total AUM of RMB50 billion. By 2020, Legend Capital has invested in more than 500 companies, 80 of which are successfully listed on domestic or overseas capital markets, including Pharmaron Beijing Co., Ltd and WuXi Apptec Co., Ltd., both of which are dual listed in Hong Kong and China.

3. **OrbiMed:** WWH is a publicly-listed investment trust organized under the laws of England. WWH is listed on the London Stock Exchange (LON: WWH). OrbiMed Capital LLC is the portfolio manager of WWH. OGM and ONH are exempted limited partnerships organized under the laws of the Cayman Islands. OrbiMed Advisors LLC is the investment manager of OGM and ONH. OrbiMed Capital LLC and OrbiMed Advisors LLC (together, "OrbiMed") exercise voting and investment power through a management committee comprising Carl L. Gordon, Sven H. Borho, and Jonathan T. Silverstein. OrbiMed invests globally in the healthcare sector with investments ranging from early stage private companies to large multinational corporations.

4. **Loyal Valley Capital:** LVC Revitalization Limited is a limited company incorporated in Hong Kong and is an investment vehicle of Loyal Valley Capital. Loyal Valley Capital is a thematic, research-driven private equity firm focused on deep fundamental research and unlocking value through post-investment value-creation. Loyal Valley Capital manages capital on behalf of a geographically diversified group of long-term institutional investors, including sovereign wealth funds, private banks, family offices, and fund of funds managers, from across the Americas, Europe, and Asia.

5. **CD Capital:** Suzhou Chenzhide is a limited partnership established in the PRC in December 2016 and it is managed by Shanghai Jiachen Investment Co., Ltd. (上海甲辰投資有限公司). CMV HK Limited is a limited company incorporated in Hong Kong in September 2019 and it is wholly-owned by CMV Holdings Limited, a limited company incorporated in the British Virgin Islands which is in turn wholly-owned by CD Healthcare FUND, L.P. Both Suzhou Chenzhide and CD Healthcare FUND, L.P. are investment vehicles of CD Capital, a venture capital firm specialized in life sciences and medical technology industries with over USD750 million of assets under management.

6. **YuanBio Venture Capital:** Xinjianyuan Phase III is a limited partnership established in the PRC in January 2019 and YuanBio Venture is a Cayman Islands exempted limited partnership, each of Xinjianyuan Phase III and YuanBio Venture is an investment arm of YuanBio Venture Capital, an investment firm focusing on early and growth stage life science and healthcare investment. YuanBio Venture Capital has invested in over 80 companies across the biopharmaceutical, medical technology, IVD and health services sectors, and has total assets under management of close to RMB5 billion. YuanBio Venture Capital aims to be one of the most successful healthcare venture capital firms in China.

7. **Qianhai Funds:** Qianhai Investment is a limited partnership established in the PRC in December 2015 and Zhongyuan Qianhai is a limited partnership established in November 2018. Qianhai Ark Assets Management Co., Ltd. (前海方舟資產管理有限公司) is the investment manager of Qianhai Investment and the general partner of Qianhai Ark (Zhengzhou) Venture Capital Management Enterprise (L.P.) (前海方舟(鄭州)創業投資管理企業(有限合夥)), which is in turn the investment manager of Zhongyuan Qianhai. Qianhai Ark Management Co., Ltd. is an investment firm focusing on the strategic emerging industries and with over RMB40 billion in assets under management.

8. **Zhangjiang Venture:** Zhangjiang Venture is a limited company incorporated in China in 2004. It is wholly-owned by Zhangjiang Group and integrates its venture capital, technology loan and incubator platform. It is a wholly state-owned venture capital enterprise. Zhangjiang Venture has always taken biomedicine as a key investment field, committed to promoting Zhangjiang to become a scientific and technological innovation center in China and the world, and has completed dozens of direct investment projects.

9. **Cuiweikechuang:** Cuiweikechuang is a limited partnership established in the PRC in March 2018. Lhasa Economic and Technological Development Zone Baiyi Venture Capital Management Co., Ltd. (拉薩經濟技術開發區百頤創業投資管理有限公司) is the investment manager of Cuiweikechuang. The general partner of Cuiweikechuang is Tibet Jiyi Chuangye Investment Management L.P. (Limited Partnership) (西藏集義創業投資管理合夥企業(有限合夥)), a limited partnership established in the PRC in October 2016 and primarily engaged in venture capital investment management. The limited partners of Cuiweikechuang are Beijing Cuiwei Group (北京翠微集團), a state-owned enterprise incorporated in the PRC in January 1997 and primarily engaged in investment management, and Beijing Haikai Real Estate Group Co., Ltd. (北京海開房地產集團有限責任公司), a limited company incorporated in the PRC in July 1989 and primarily engaged in real estate development, property management, investment management and other related businesses. The Group became acquainted with Cuiweikechuang through the introduction by Xinjianyuan Phase III Zhongyuan Qianhai Equity Investment L.P. (Limited Partnership) (中原前海股權投資基金有限合夥), also one of the Series C Investors of the Company.

Compliance with Interim Guidance and Guidance Letters

On the basis that the special rights granted to the Pre-IPO Investors shall cease to be effective and be discontinued upon the Listing (save for the TPG Divestment Right as described above), the Sole Sponsor confirms that the investments by the Pre-IPO Investors are in compliance with the Guidance Letter HKEX-GL29-12 issued on January 2012 and updated in March 2017 by the Stock Exchange and the Guidance letter HKEX-GL43-12 issued in October 2012 and updated in July 2013 and in March 2017 by the Stock Exchange.

THE A SHARE LISTING

We plan to conduct the offering and listing of A shares at an appropriate time after the Global Offering. As of the Latest Practicable Date, we have not determined the size and scope of the contemplated A share offering and have not made any application to any recognized stock exchange in the PRC for approval for the listing of any A shares. There is no assurance we will conduct an A share offering in the future.

PUBLIC FLOAT

The 182,330,884 Shares held by Winning Powerful, Mr. Wang, Shanghai Baixinantong, Shanghai Baihate, Tibet Zhenshan, Magic Grace (of which it held 8,934,044 Unlisted Foreign Shares), WWH (of which it held 7,336,169 Unlisted Foreign Shares held by it), ONH (of which it held 1,100,427 Unlisted Foreign Shares), OGM (of which it held 733,617 Unlisted Foreign Shares), LVC Revitalization Limited (of which it held 3,668,246 Unlisted Foreign Shares), Suzhou Chenzhide, Winning Forward, Xinjianyuan Phase III, YuanBio Venture (of which it held 1,191,202 Unlisted Foreign Shares), Xinbang Yihao, Jiami Investment, Qianhai Investment, Zhongyuan Qianhai, Zhangjiang Venture, Cuiweikechuang, Mr. Xiangdong Lyu, representing 82.88% of our total issued Shares as of the Latest Practicable Date, or approximately 74.75% of our total issued Shares upon Listing (assuming the Over-allotment Option is not exercised), will not be considered as part of the public float as Mr. Wang is our

ultimate Controlling Shareholder, and the Shares are Domestic Shares and Unlisted Foreign Shares which will not be converted into H Shares and listed following the completion of the Global Offering.

The 37,669,116 Shares held by TPG, Magic Grace (of which it held 3,289,054 Unlisted Foreign Shares), WWH (of which it held 2,987,823 Unlisted Foreign Shares), ONH (of which it held 448,173 Unlisted Foreign Shares), OGM (of which it held 298,783 Unlisted Foreign Shares), LVC Revitalization Limited (of which it held 6,314,791 Unlisted Foreign Shares), CMV and YuanBio Venture (of which it held 2,227,574 Unlisted Foreign Shares), representing approximately 17.12% of our total issued Shares as of the Latest Practicable Date, or approximately 15.44% of our total issued Shares upon Listing (assuming the Over-allotment Option is not exercised), are Unlisted Foreign Shares which will be converted into H Shares and listed following the completion of the Global Offering. As these entities will not be core connected persons of the Company upon Listing, are not accustomed to take instructions from core connected persons in relation to the acquisition, disposal, voting or other disposition of their Shares and their acquisition of Shares were not financed directly or indirectly by core connected persons, the Shares held by them will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after Listing.

Immediately upon completion of the Global Offering, assuming that (i) 23,937,000 H Shares are issued and sold in the Global Offering; (ii) the Over-allotment Option is not exercised; (iii) 243,937,000 Shares are issued and outstanding upon completion of the Global Offering, based on an Offer Price of HK$21.25 per Offer Share (being the low-end of the indicative Offer Price range), the Company will have a market capitalization of at least HK$375 million held by the public (excluding the Shares to be subscribed by any existing Shareholders).

CAPITALIZATION

The below table is a summary of the capitalization of our Company as of the date of this prospectus and the Listing Date:

Shareholders	Number of Shares	Class of Shares	Approximate percentage of shareholding in the issued share capital of our Company as of the date of this prospectus	Approximate percentage of shareholding in the relevant class of Shares as of the date of this prospectus	Approximate percentage of shareholding in the issued share capital of our Company as of the Listing Date	Approximate percentage of shareholding in the relevant class of Shares as of the Listing Date
Shanghai Baixinantong	27,962,081	Domestic Shares	12.71%	27.93%	11.46%	27.93%
Shanghai Baihate	25,402,420	Domestic Shares	11.55%	25.38%	10.41%	25.38%
Tibet Zhenshan Venture Capital Investment L.P. (Limited Partnership)	16,717,998	Domestic Shares	7.60%	16.70%	6.85%	16.70%
Suzhou Chenzhide Investment L.P. (Limited Partnership)	9,954,710	Domestic Shares	4.52%	9.94%	4.08%	9.94%
Suzhou Industrial Park Xinjianyuan Phase III Venture Capital L.P. (Limited Partnership)	5,577,993	Domestic Shares	2.54%	5.57%	2.29%	5.57%
Shanghai Xinbang Yihao Enterprise Management Consulting L.P.	4,326,959	Domestic Shares	1.97%	4.32%	1.77%	4.32%
Ningbo Meishan Bonded Port Jiami Investment L.P. (Limited Partnership)	4,012,209	Domestic Shares	1.82%	4.01%	1.64%	4.01%
Qianhai Equity Investment Fund (Limited Partnership)	2,814,766	Domestic Shares	1.28%	2.81%	1.15%	2.81%
Zhongyuan Qianhai Equity Investment L.P. (Limited Partnership)	771,367	Domestic Shares	0.35%	0.77%	0.32%	0.77%
Shanghai Zhangjiang Technology Venture Capital Co., Ltd.	1,966,806	Domestic Shares	0.89%	1.96%	0.81%	1.96%
Beijing Cuiweikechuang Equity Investment Fund Center (Limited Partnership)	482,106	Domestic Shares	0.22%	0.48%	0.20%	0.48%

Shareholders	Number of Shares	Class of Shares	Approximate percentage of shareholding in the issued share capital of our Company as of the date of this prospectus	Approximate percentage of shareholding in the relevant class of Shares as of the date of this prospectus	Approximate percentage of shareholding in the issued share capital of our Company as of the Listing Date	Approximate percentage of shareholding in the relevant class of Shares as of the Listing Date
Mr. Xiangdong Lyu	118,010	Domestic Shares	0.05%	0.12%	0.05%	0.12%
Subtotal for the class of Shares	100,107,425		45.50%	100.00%	41.04%	100.00%
Winning Powerful Limited	45,645,584	Unlisted Foreign Shares	20.75%	38.07%	18.71%	55.51%
Mr. Wang	7,713,678	Unlisted Foreign Shares	3.51%	6.43%	3.16%	9.38%
TPG Asia VII SF Pte. Ltd.	20,753,025	Unlisted Foreign Shares[(A)(B)]	9.43%	17.31%	8.51%	–
		H Shares (upon conversion)[(A)(B)]	–	–	–	33.69%
Magic Grace Limited	12,223,098	Unlisted Foreign Shares[(A)]	5.56%	10.20%	5.01%	10.87%
		H Shares (upon conversion)[(A)]	–	–	–	5.34%
Worldwide Healthcare Trust Plc	10,323,992	Unlisted Foreign Shares[(A)]	4.69%	8.61%	4.23%	8.92%
		H Shares (upon conversion)[(A)]	–	–	–	4.85%
OrbiMed New Horizons Master Fund, L.P.	1,548,600	Unlisted Foreign Shares[(A)]	0.70%	1.29%	0.63%	1.34%
		H Shares (upon conversion)[(A)]	–	–	–	0.73%
OrbiMed Genesis Master Fund, L.P.	1,032,400	Unlisted Foreign Shares[(A)]	0.47%	0.86%	0.42%	0.89%
		H Shares (upon conversion)[(A)]	–	–	–	0.48%
LVC Revitalization Limited[(1)]	9,983,037	Unlisted Foreign Shares[(A)]	4.54%	8.33%	4.09%	4.46%
		H Shares (upon conversion)[(A)]	–	–	–	10.25%
CMV HK Limited	1,349,893	Unlisted Foreign Shares[(A)(B)]	0.61%	1.13%	0.55%	–
		H Shares (upon conversion)[(A)(B)]	–	–	–	2.19%

Shareholders	Number of Shares	Class of Shares	Approximate percentage of shareholding in the issued share capital of our Company as of the date of this prospectus	Approximate percentage of shareholding in the relevant class of Shares as of the date of this prospectus	Approximate percentage of shareholding in the issued share capital of our Company as of the Listing Date	Approximate percentage of shareholding in the relevant class of Shares as of the Listing Date
Winning Forward International Limited	5,900,492	Unlisted Foreign Shares	2.68%	4.92%	2.42%	7.18%
YuanBio Venture Capital L.P.	3,418,776	Unlisted Foreign Shares[(A)]	1.55%	2.85%	1.40%	1.45%
		H Shares (upon conversion)[(A)]	–	–	–	3.62%
Subtotal for Unlisted Foreign Shares (prior to conversion)	119,892,575		54.49%	100.00%	–	–
Subtotal for Unlisted Foreign Shares (upon conversion)	82,223,459		–	–	33.71%	100.00%
Subtotal for H Shares converted from Unlisted Foreign Shares	37,669,116		–	–	15.44%	61.15%[(2)]
Total	**220,000,000**		**100.00%**		**90.19%**	

Note (1): Loyal Valley Innovation Capital (HK) Limited has transferred its equity interest in our Company to its affiliate LVC Revitalization Limited on November 16, 2020.

Note (2): Upon conversion and taking into account the H Shares issued pursuant to the Global Offering without taking into account the exercise of Over-allotment Option.

Remark (A): The following Unlisted Foreign Shares will be converted into H Shares upon Listing:

Shareholders	Number of Unlisted Foreign Shares
TPG Asia VII SF Pte. Ltd.	20,753,025
Magic Grace Limited	3,289,054
Worldwide Healthcare Trust Plc	2,987,823
LVC Revitalization Limited	6,314,791
OrbiMed New Horizons Master Fund, L.P.	448,173
OrbiMed Genesis Master Fund, L.P.	298,783
CMV HK Limited	1,349,893
YuanBio Venture Capital L.P.	2,227,574

As stipulated by the State Council's securities regulatory authority and the Articles of Association, Pre-IPO Investors holding Unlisted Foreign Shares may, at their own discretion, decide whether and when to covert their Unlisted Foreign Shares into H Shares. According to the Guidelines on Applying for the Full Tradability of Unlisted Domestic Shares of H-share Companies issued by the CSRC, the Unlisted Foreign Shares, once converted into H Shares, shall not be re-converted into A shares afterwards. Given that the Company plans to conduct the offering and listing of A shares at an appropriate time after the Global Offering, certain Pre-IPO Investors prefer not to have their Unlisted Foreign Shares converted into H Shares upon Listing as they wish to retain the flexibility of electing whether to convert their Unlisted Foreign Shares into H Shares after the Listing or A shares upon the completion of the potential offering and listing of the A shares of the Company.

As confirmed by the PRC Legal Adviser of the Company, the procedures of obtaining the CSRC's approval in relation to the conversion of Unlisted Foreign Shares into H Shares are as follows:

1. Prior or subsequent to the Company's Listing, the Company's shareholders shall expressly authorize the Company to apply to CSRC on its behalf for the conversion of all or part of the Unlisted Foreign Shares held by them into H shares. Such authorization shall include, among others, the number of shares to be converted and the scope and period of authorization; and

2. Upon approval by the Company's board of directors and shareholders, the sponsors engaged by the Company shall submit formal application documents to the CSRC in connection with the conversion. Upon the CSRC's approval and receipt of the Listing Committee hearing notice from the Stock Exchange, the Company shall, by submitting the foregoing approval documents together with other documents required for the hearing of the listing application conducted by the Listing Committee of the Stock Exchange, apply for the Stock Exchange's approval for the conversion of the Unlisted Foreign Shares held by the respective shareholders into H shares to be listed on the Stock Exchange.

As confirmed by the PRC Legal Adviser of the Company, according to the Guidelines on Applying for the Full Tradability of Unlisted Domestic Shares of H-share Companies issued by the CSRC, the factors considered by the CSRC before the granting of the CSRC approval to convert the Unlisted Foreign Shares into H Shares include, among others, the eligibility of the shareholders of the Unlisted Foreign Shares, whether they have complied with the relevant rules and regulations, and whether they have undergone adequate internal and external approval procedures.

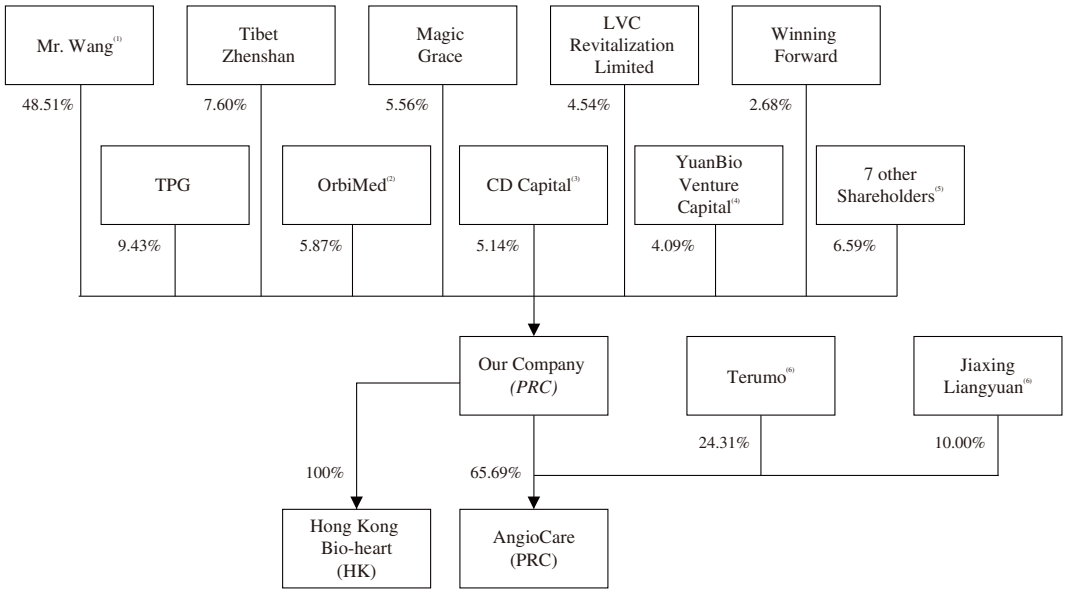
On February 17, 2021, the Company applied to CSRC for the conversion of the relevant Unlisted Foreign Shares held by eight shareholders (including TPG) into H Shares. The foregoing application was approved in June 2021.

Remark (B): TPG Asia VII SF Pte. Ltd. and CMV HK Limited will convert all of their Unlisted Foreign Shares into H Shares upon Listing.

OUR CORPORATE STRUCTURE

Immediately Before Completion of the Global Offering

The following chart sets forth our Group's corporate structure immediately prior to the completion of the Global Offering.



Notes:

1. As of the Latest Practicable Date, Mr. Wang, Winning Powerful, Shanghai Baixinantong and Shanghai Baihate held 3.51%, 20.75%, 12.71% and 11.55% of the total issued shares of our Company, respectively. Mr. Wang is the sole shareholder of Winning Powerful Limited and the sole executive partner of Shanghai Baixinantong. Further, pursuant to a proxy agreement dated December 10, 2020, Shanghai Baihate agrees and confirms that it has, since December 10, 2020 (the date when the shareholders' meeting approving the Listing was held), unconditionally and irrevocably appointed Mr. Wang as its proxy to exercise its shareholder's rights, including but not limited to the voting rights attached to the Shares it holds.

2. As of the Latest Practicable Date, WWH, ONH and OGM held 4.69%, 0.70% and 0.47% of the total issued shares of our Company, respectively.

3. As of the Latest Practicable Date, Suzhou Chenzhide and CMV HK Limited held 4.52% and 0.61% of the total issued shares of our Company, respectively.

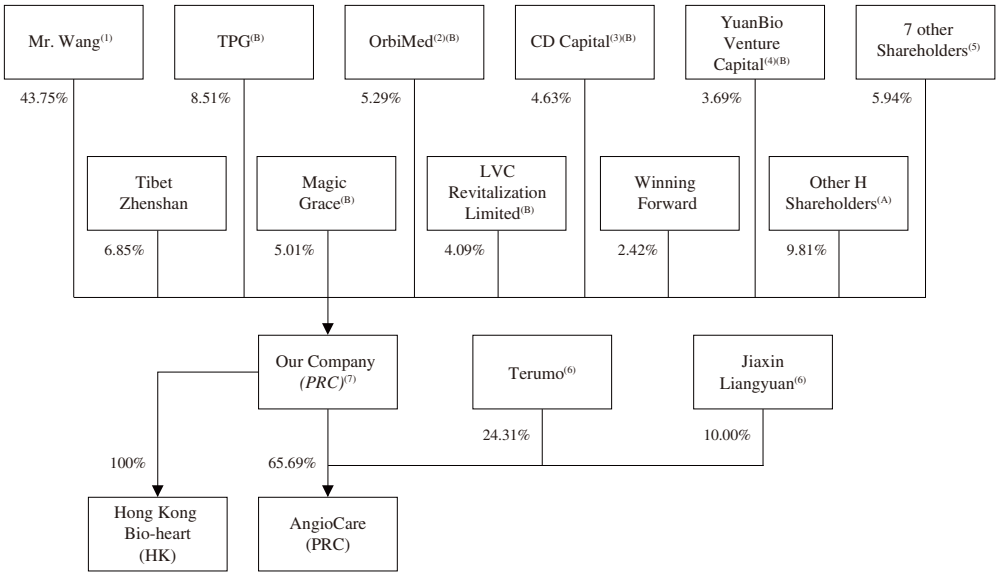
4. As of the Latest Practicable Date, Xinjianyuan Phase III and YuanBio Venture held 2.54% and 1.55% of the total issued shares of our Company, respectively.

5. As of the Latest Practicable Date, Xinbang Yihao, Jiami Investment, Qianhai Investment, Zhangjiang Venture, Zhongyuan Qianhai, Cuiweikechuang and Mr. Xiangdong Lyu held 1.97%, 1.82%, 1.28%, 0.89%, 0.35%, 0.22% and 0.05% of the total issued shares of our Company, respectively.

6. Each of Terumo and Jiaxing Liangyuan will become a substantial shareholder of AngioCare upon Listing.

Immediately after the Global Offering

The following chart sets forth our Group's corporate structure immediately after the Global Offering (assuming no exercise of the Over-allotment Option).



Notes (1) to (6): Please refer to notes 1-6 in the paragraphs headed "Our Corporate Structure — Immediately Before Completion of the Global Offering" in this section.

Note (7): Upon completion of the Global Offering (assuming no exercise of the Over-allotment Option), the numbers of issued Domestic Shares and Unlisted Foreign Shares (which will not be converted into H Shares upon Listing) are 100,107,425 and 82,223,459 respectively, representing 41.04% and 33.71% of the enlarged issued share capital of our Company. For details, please refer to the section headed "Share Capital" in this prospectus.

Remarks:

(A) The Shares held by these Shareholders are H Shares.

(B) Part of the Unlisted Foreign Shares held by these Shareholders will be converted in H Shares upon Listing. For details, please refer to the paragraphs headed "Capitalization" in this section.

OVERVIEW

We are a leading innovative interventional cardiovascular device company in China with a current focus on two therapies: (i) bioresorbable scaffolds (BRS) addressing the unmet medical needs of Chinese patients for the treatment of coronary or peripheral artery diseases, and (ii) renal denervation (RDN) addressing the unmet medical needs of patients for the treatment of uncontrolled hypertension and resistant hypertension. Our mission is turning innovation into quality care.

Driven by factors including the aging population, people's unhealthy diet and lifestyle, high social and living pressure, and environmental pollution, chronic diseases are becoming increasingly prevalent in China in recent years. Heart disease and hypertension are among the most prevalent, and deadly, chronic diseases suffered by Chinese patients. According to Frost & Sullivan, the number of coronary artery disease patients in China increased from 22.0 million in 2015 to 24.6 million in 2019 at a CAGR of 2.8%, and is expected to further increase to 28.0 million in 2024 at a CAGR of 2.6% from 2019 to 2024. Similarly, the number of hypertension patients in China increased from 289.9 million in 2015 to 317.4 million in 2019 at a CAGR of 2.3%, and is expected to further increase to 351.4 million in 2024 at a CAGR of 2.1% from 2019 to 2024. In 2019, only approximately 22.0% of hypertension patients in China had their hypertension under control, and the rest suffered either from uncontrolled or resistant hypertension, according to Frost & Sullivan. In recent years, interventional therapies are developing rapidly for treating these diseases, and are progressively replacing traditional therapies such as invasive surgeries and drugs, because they generally involve shorter procedure time and minimal invasiveness, cause fewer post-procedural complications, enable faster recovery, and relieve the patients from long term use and potential side effects of medications.

As a result of a combination of technological innovation, favorable government policies, and healthcare expenditure, as well as the significant advantages of interventional treatment solutions over traditional therapies such as drugs and invasive surgeries, the interventional medical device market in China has experienced rapid growth in recent years, and is expected to maintain its growth momentum in the near future, according to Frost & Sullivan. However, each of the BRS and RDN markets in China is still underpenetrated, with significant growth potential. With respect to the BRS market, despite the large and quickly growing coronary artery disease patient pool in China and the benefits of interventional procedures over traditional therapies, the penetration rate of percutaneous coronary intervention (PCI) procedures has been low in China. According to Frost & Sullivan, on average, among every one million of the population, only approximately 729 PCI procedures were conducted in China in 2019, as compared to 2,951, 2,276 and 2,222 procedures for the United States, Japan and Europe, respectively, in the same year. In addition, the therapeutic devices used in PCI operations in China had primarily been earlier generation products such as bare metal stents (BMS) or drug eluting stents (DES), indicating a huge market for more advanced products such as BRS. Similarly, with respect to the RDN market, despite the large and fast growing hypertension patient pool, the limited number of therapies with proven clinical efficacy to treat uncontrolled or resistant hypertension, and the advantages of RDN therapy over traditional therapies, there has been no RDN product commercialized in China as of the Latest Practicable Date.

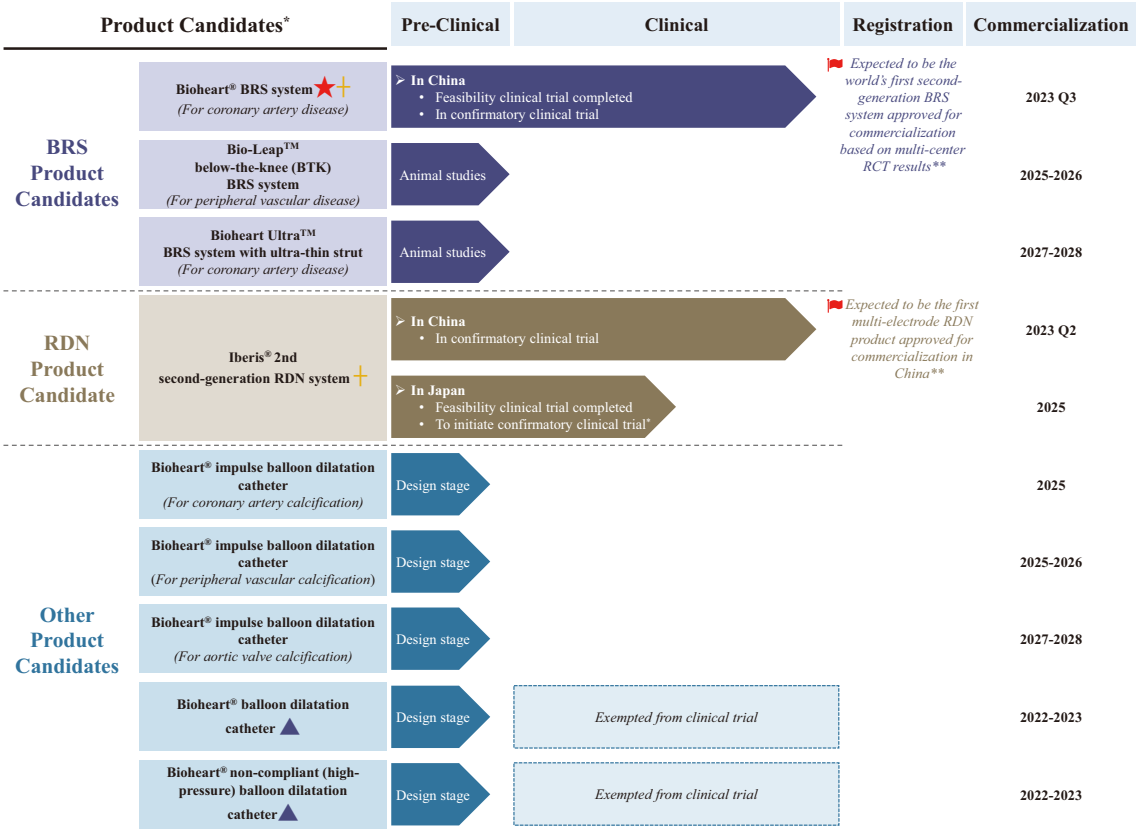
To address the unmet medical needs of vascular disease and hypertension patients in China, we have developed a comprehensive portfolio of interventional device product candidates including, among others,

- *BRS product candidates*: Our Core Product, Bioheart®, is a self-developed BRS system used in PCI procedures for the treatment of coronary artery disease. According to Frost & Sullivan, as of the Latest Practicable Date, only two BRS products were commercialized in China, each of which was a first-generation BRS product with a strut thickness of over 150 μm. We are one of only four domestic players in China with second-generation BRS products at clinical trial stage, and Bioheart® is expected to be the world's first second-generation BRS system receiving regulatory approval based on multi-center randomized controlled clinical trial (RCT) results, according to Frost & Sullivan. Bioheart® was recognized as an "innovative medical device" by the NMPA, and is therefore eligible for an expedited approval process. We are required to complete a confirmatory clinical trial consisting of an RCT and a single-arm clinical trial (SAT) for Bioheart® before applying for the NMPA approval. We completed the trial subject enrollment of trial subjects for the RCT in August 2019 and initiated the SAT in April 2021. We expect to complete the subject enrollment for the SAT by the end of 2021, to complete all necessary follow-ups by the end of 2022, and to receive the NMPA approval for Bioheart® in the third quarter of 2023. In addition to our Core Product, we have also been developing Bioheart Ultra™, our next generation BRS product for coronary artery disease featuring an ultra-thin strut, and Bio-Leap™, a BRS system for below-the-knee (BTK) peripheral artery disease. We plan to initiate clinical trials for Bio-Leap™ and Bioheart Ultra™ in 2022 and currently expect to launch them in China in or around in 2025 and 2027, respectively.

- *RDN product candidates*: RDN is one of the few therapies with proven clinical efficacy to treat uncontrolled hypertension and resistant hypertension and we believe that it has the potential to transform the treatment paradigm of hypertension, which Frost & Sullivan concurs. We are one of only three players in China with RDN products at clinical trial stage, and our product candidate, Iberis® 2nd, is expected to be the first approved multi-electrode RDN product in China, according to Frost & Sullivan. As compared with single-electrode RDN product candidates, our multi-electrode Iberis® 2nd can effectively reduce the duration of the procedure, and reduce the radiation exposure of patients and physicians. In addition, Iberis® 2nd is the only multi-electrode RDN product candidate in China that features combined ablation of the main renal artery and its branches, and we believe that, as compared with product candidates that can only ablate the main renal artery, Iberis® 2nd is able to improve the blood pressure lowering efficacy of the RDN procedure, which Frost & Sullivan concurs. Furthermore, Iberis® 2nd is the world's only RDN product candidate that provides both the transfemoral and transradial intervention approaches to physicians and patients, whereas all the other RDN products only allow the transfemoral approach. As compared to the transfemoral approach, the transradial approach is much less invasive, generally involves less potential complications, and allows the patients to recover faster. Iberis® 2nd was also recognized as an "innovative medical device" by the NMPA, and is therefore eligible for an expedited approval process. We are in the process of completing the confirmatory clinical trial, which is randomized and sham-controlled, for Iberis®

2nd and expect to receive the NMPA approval for Iberis® 2nd in the second quarter of 2023. We are also conducting clinical trials for Iberis® 2nd in collaboration with Terumo in Japan. As of the Latest Practicable Date, we have completed the first-in-human clinical trial for Iberis® 2nd in Japan and plan to initiate a randomized controlled confirmatory clinical trial in 2022. We expect to launch Iberis® 2nd in Japan in 2025.

In addition to our BRS and RDN product pipelines, we are also actively advancing the development of our balloon catheter product candidates. The following diagram summarizes the status of our product candidates under development as of the Latest Practicable Date:



★ Core product

\+ NMPA "Innovative Medical Device"

▲ Among our product candidates, these devices are exempted from clinical trial requirements in accordance with the *Catalogue of Medical Devices Exempted from Clinical Trials* (《免於進行臨床試驗醫療器械目錄》) promulgated by the NMPA, as amended.

* The confirmatory clinical trial is also known as pivotal clinical trial in Japan.

** According to Frost & Sullivan.

Our management team consists of seasoned executives with extensive experience working in leading medical device companies in China and globally. Particularly, our founder Mr. Wang has over 24 years of experience in the interventional cardiovascular medical device industry. He previously served as the chief operating officer and chief marketing officer at MicroPort Scientific Corporation (SEHK: 853), a director at Shanghai Kinetic Medical Co., Ltd. (SZSE: 300326) and the Chairman and CEO of Essen Technology (Beijing) Co., Ltd. (易生科技(北京)有限公司), an interventional cardiovascular device company in China with a current focus on the research and development of DES products. Led by our visionary and experienced management team, we believe that by leveraging our first mover advantages,

strong research and development capabilities, as well as our comprehensive and synergistic product pipelines, we are well positioned to capture the significant growth potential of the (minimally invasive) interventional cardiovascular medical device markets in China.

In addition to our management team, we also benefit tremendously from the strong support of our Shareholders. Our investors, such as TPG, OrbiMed, Legend Capital, and Loyal Valley Capital, have extensive experience in managing and growing medical device companies, and have provided us with invaluable guidance in the development and commercialization of our products. For details of the background of our investors, please refer to the paragraphs headed "History, Development and Corporate Structure — Pre-IPO Investments" in this prospectus.

OUR COMPETITIVE STRENGTHS

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

Leading Domestic Player Catering to the Large, Fast Growing and Unmet Cardiovascular Medical Device Market in China with a Current Focus on BRS Therapy

We are a leading innovative interventional medical device company in China with a current focus on BRS and RDN therapies. We are in the process of developing our Core Product, the Bioheart® BRS system, aiming to address the unmet medical needs of patients with coronary artery disease.

According to Frost & Sullivan, the number of coronary artery disease patients in China increased from 22.0 million in 2015 to 24.6 million in 2019 at a CAGR of 2.8%, and is expected to further increase to 28.0 million in 2024 at a CAGR of 2.6% from 2019 to 2024. PCI is a non-surgical procedure most commonly performed for the treatment of severe coronary artery disease. Despite the large and quickly growing coronary artery disease patient pool in China, the penetration rate of PCI procedures in China has been low. According to Frost & Sullivan, among every one million of the population, only approximately 729 PCI procedures were conducted in China in 2019, as compared to 2,951, 2,276 and 2,222 procedures for the United States, Japan and Europe, respectively, in the same year, indicating a huge growth potential of the PCI device market in China. Driven by factors such as the aging population, increasing number of patients with coronary artery disease and improving accessibility to qualified healthcare institutions, the volume of PCI procedures conducted in China grew rapidly from 0.6 million in 2015 to 1.0 million in 2019 at a CAGR of 15.8%, and is expected to further grow significantly to 1.9 million in 2024 at a CAGR of 12.7% from 2019 to 2024, according to Frost & Sullivan.

Therapeutic PCI devices primarily include coronary stents and balloon catheters. According to Frost & Sullivan, in recent years, there have been significant developments in stent technology, and the design of the stents has evolved from BMS to DES, and further to BRS. We believe that as compared to DES, the currently prevailing coronary stents in the market, BRS has the potential to introduce a paradigm shift in interventional cardiology, as it enables a true anatomical and functional "vascular restoration" instead of merely implanting an artificial foreign body, and offers a unique value proposition of "intervention without implantation." According to Frost & Sullivan, among the three types of stents (i.e., BMS, DES

and BRS) currently available for use in PCI procedures in China, BMS represents an old generation stent and has been gradually replaced by DES and BRS. According to Frost & Sullivan, the number of BMS used in PCI procedures in China has decreased by 57.3% from 2015 to 2019 and the market size of BMS has decreased by 58.2% for the same period, and both such numbers are expected to further decrease over the next decade. According to Frost & Sullivan, DES is currently the prevailing stent used in PCI procedures in China. With the increasing demand for PCI procedures in China, both the volume of DES and the volume of BRS used in PCI procedures are expected to increase. As a result of the benefits of leaving no artificial foreign body in the vessel, the volume of BRS used in PCI procedures is expected to grow at a much higher rate than DES for the next decades, according to Frost & Sullivan. Despite the continuing growth of the volume of DES used in PCI procedures, the market size of DES in China is expected to drop by 72.9% from 2020 to 2021 and is not expected to see any material growth for the next decade, as a result of the impact of the centralized procurement policy applicable to DES newly adopted by the Chinese government in 2020, according to Frost & Sullivan. The centralized procurement resulted in a significant decline in price of DES products (i.e. reducing from approximately RMB13,000 per unit to approximately RMB700 per unit). According to Frost & Sullivan, the centralized procurement policy intends to make DES accessible to a wider population of patients. However, as a result of the significant decline in price, it is expected that many DES manufacturers will be prone to reduce their investments in developing, manufacturing and promoting their DES products as they bring limited margins, and the increased volume of DES used in PCI procedures may not make up for the negative impact on the market size of DES brought by the significant decline in price. In contrast, the manufacturers, distributors and other relevant industry players are expected to have much more incentive to promote BRS products. Therefore, BRS is expected to be better positioned than DES to capture the growth potential of the PCI device market in China. The number of BRS used in PCI procedures in China is expected to increase significantly at a CAGR of 92.1% from approximately 11,700 units in 2019 to approximately 306,300 units in 2024 and further increase to approximately 1,289,000 units in 2030, representing a CAGR of 27.1% from 2024 to 2030, according to Frost & Sullivan. As a result, the market size of BRS products in China is expected to increase significantly from RMB0.2 billion in 2019 to RMB6.6 billion in 2030 at a CAGR of 38.5%, according to the same source.

However, the development of the BRS market in China is still at an early stage. As of the Latest Practicable Date, only two products were commercialized in China, each of which was a first-generation BRS product with strut thickness of over 150 μm, according to Frost & Sullivan.

We are one of only four domestic players in China with second-generation BRS products for coronary artery disease at clinical trial stage. Our Core Product, Bioheart®, is expected to be the world's first second-generation BRS system receiving regulatory approval based on multi-center RCT results, according to Frost & Sullivan. We believe that Bioheart® has many unique features and advantages in design as compared to competing product candidates. For example, Bioheart® has a strut thickness of only 125-145 μm but is able to provide sufficient radial support force comparable to products with a strut thickness over 150 μm. According to Frost & Sullivan, thinner scaffolds are easier for physicians to maneuver in procedures, enable faster endothelialization, and help reduce the risk of post-operation thrombosis as well as other biological risks. Bioheart® also has an advanced drug release mechanism, achieving accurate control of drug distribution at different locations of the stent strut through ultrasonic directional spray technology. Utilizing our proprietary marker inlay techniques, Bioheart® is

also expected to achieve better visibility for physicians during procedures when compared with competing product candidates.

Considering our first-mover advantages and unique features of Bioheart®, we believe we are well positioned to compete in the BRS market in China to capitalize on this tremendous market opportunity, to address the unmet medical needs for the treatment of coronary artery disease in China, and to tap into the market of stents for the treatment of lower extremity peripheral artery disease in China via our product candidate Bio-Leap™. For more details of Bio-Leap™, please refer to the paragraphs headed "— Our Products and Product Candidates — Bio-Leap™ — Below-The-Knee (BTK) BRS System" in this section.

A Pioneer Targeting the Underserved Hypertension Market in China and Expecting to Commercialize the First RDN Product in the Market

We are also a pioneer in developing RDN product in China, aiming to address the unmet medical needs of patients with uncontrolled or resistant hypertension.

According to Frost & Sullivan, the number of hypertension patients in China has been increasing steadily from 289.9 million in 2015 to 317.4 million in 2019 at a CAGR of 2.3%, and is expected to further increase in the future and reach 388.0 million in 2030. In 2019, only approximately 22.0% of hypertension patients in China had their hypertension under control, and the rest suffered either from uncontrolled or resistant hypertension, according to Frost & Sullivan. RDN is a catheter-based ablation procedure and is one of the very few therapies with proven clinical efficacy to treat uncontrolled hypertension and resistant hypertension. Pharmacotherapy alone is difficult to treat resistant hypertension. For uncontrolled hypertension, although antihypertensive medications are effective in treating it, pharmacotherapy requires uncontrolled hypertension patients to take a large amount of medications, at short intervals, for a very long term, and patients need to visit hospitals frequently for further check-ups and medication prescriptions. Many patients, especially young patients, often find such disruption to their daily lives unappealing, or even unacceptable. Antihypertensive drugs also have side effects and may interfere with other medications. For example, thiazide diuretics may cause or worsen diabetes, beta blockers can worsen asthma and heart failure, and patients who are pregnant or planning a pregnancy may not be suitable for pharmacotherapy as they are subject to various restrictions on medication intake. As a result, hypertension patients' adherence to pharmacotherapy had been extremely poor. According to Frost & Sullivan, approximately half of uncontrolled or resistant hypertension patients stopped taking their medications as prescribed by the physicians within one year of starting them, and approximately 20% of uncontrolled or resistant hypertension patients barely even tried to adhere to their physicians' pharmacotherapy prescriptions in the first place. Therefore, there exist huge unmet medical needs for effective, long-term alternative therapies for the treatment of uncontrolled and resistant hypertension. According to Frost & Sullivan, based on, among others, the extensive literature review they completed and the multiple interviews they conducted with leading physicians and KOLs in the industry, the RDN therapy is one of the very few therapies with proven clinical efficacy to treat uncontrolled hypertension and resistant hypertension, and has many advantages over other traditional treatment solutions, and it is widely believed in the industry that the RDN therapy is a promising therapy that has the potential to change the treatment paradigm of both uncontrolled hypertension and resistant hypertension. Multiple recent clinical studies had demonstrated the safety and efficacy of the RDN therapy in treating uncontrolled and resistant

hypertension, and the blood pressure reduction effect of an RDN procedure may last for over three years, making it a promising long-term, and potentially cost-saving, solution for hypertension. In addition, RDN therapy is more effective in sustaining 24-hour blood pressure reduction as compared with pharmacotherapy, which usually fails to provide adequate blood pressure control for patients during night-time and in early mornings. Despite the significant advantages of RDN therapy, there had been no RDN product commercialized in China yet as of the Latest Practicable Date, leaving the huge medical needs of uncontrolled and resistant hypertension patients unmet.

We are one of only three players in the China market with RDN products at clinical trial stage, and our product candidate, Iberis® 2nd, is expected to be the first approved multi-electrode RDN product in China, according to Frost & Sullivan. As compared with single-electrode RDN product candidates, the multi-electrode Iberis® 2nd can effectively reduce the duration of the operation procedure, and reduce the radiation exposure of patients and physicians. In addition, Iberis® 2nd is the only RDN product candidate in China that features combined ablation of main renal arteries and branches, and we believe that, as compared with product candidates that can only ablate main renal arteries, Iberis® 2nd is able to improve the blood pressure lowering efficacy of the RDN procedure, which Frost & Sullivan concurs.

Furthermore, Iberis® 2nd is the world's only RDN product that provides both the transfemoral and transradial intervention options to physicians and patients, whereas all the other RDN products only allow transfemoral intervention, according to Frost & Sullivan. For patients, transradial intervention is generally less invasive, involving fewer complications and allowing faster recovery as compared with transfemoral interventions. For physicians, the availability of two intervention options in operation procedures provides them with greater flexibility to choose the most suitable treatment approach for their patients.

We believe that our first mover advantages, our strong in-house research and development capabilities, and the unique features of our RDN product candidate, will serve as high entry barriers and differentiate us from our peers in the RDN market.

Innovative Interventional Cardiovascular Platform with a Product Portfolio Addressing the Evolving Clinical Needs

We have developed a product portfolio to address evolving medical needs. As of the Latest Practicable Date, we had developed one registered product and had eight product candidates in various stages of development.

In addition to our Core Product, we are also developing Bioheart Ultra™, our next generation BRS product for coronary artery disease featuring an ultra-thin strut, and Bio-Leap™, a BTK BRS system for peripheral artery disease. We plan to initiate clinical trials for Bio-Leap™ and Bioheart Ultra™ in 2022.

To fully capture the large growth potential of the interventional device market in China and leveraging our strong research and development capabilities accumulated in interventional cardiology, we are also developing five balloon catheter product candidates, including Bioheart® balloon dilatation catheter, Bioheart® non-compliant (high-pressure) balloon dilatation catheter, and three Bioheart® impulse balloon dilatation catheters.

Bioheart® balloon dilatation catheter and Bioheart® non-compliant (high-pressure) balloon dilatation catheter are designed to be used in the pre- and post-dilatation procedure for stent deployment, which, together with our Core Product, will provide full-suite solutions to physicians for BRS implantation. Since these two product candidates are exempted from clinical trial requirements in China, we expect to launch them shortly after their respective development stage concludes in 2022.

Bioheart® impulse balloon dilatation catheters consist of three product candidates designed to remove coronary artery calcification (CAC), peripheral vascular calcification (PVC) and aortic valve calcification (AVC), respectively. As of the Latest Practicable Date, only one comparable impulse balloon catheter product candidate, namely Shockwave IVL, had entered into clinical trial stage in China, according to Frost & Sullivan. We expect to initiate clinical trials for Bioheart® impulse balloon dilatation catheters in 2022.

Strong Research and Development Capabilities Combined with Strategically Designed IP Portfolio

Our research and development team possesses a global vision and vast industry experience. Our research and development team is led by Mr. Wang, Mr. Tao Cai and Mr. Chenzhao Zhang. Mr. Wang is our founder, Chairman of the Board and Chief Executive Officer, and has over 24 years of experience in the interventional cardiovascular medical device industry. He is also an expert in materials science and currently serves as a Ph.D. supervisor at Fudan University in materials science. Mr. Cai, our supervisor and head of technology of BRS product pipeline, is an expert in polymer and 3D printing and has over 8 years of experience in the medical industry. Mr. Zhang, our supervisor and head of technology of our RDN product pipeline, is a catheter expert and has over ten years of experience in the medical industry. Each of our research and development team members is an industry veteran with strong academic and professional background, having previously worked in managerial positions at leading industry players similar to our business. As a validation of our strong research and development capabilities, we have received a number of recognitions for our development projects. For example, we are one of the very few companies in the medical industry that has received the Special Funds for the Development of Strategic Emerging Industries in Shanghai (上海市戰略性新興產業發展專項資金) granted by the Finance Bureau of Shanghai Pudong New Area. Each of Bioheart® and Iberis® 2nd has been recognized as an "innovative medical device" by the NMPA and is eligible for an expedited approval process. Our strong research and development capabilities are also well recognized by Terumo, one of the world's leading manufacturers of medical devices and supplies. In light of our leading position in the RDN domain, Terumo has formed a strategic alliance with us with respect to the development and commercialization of our RDN product candidates in Japan and other overseas countries. For details, please refer to the paragraphs headed "— Sales, Distribution and Marketing — Strategic Alliance with Terumo" in this section.

We cooperate with prestigious Class III hospitals in China to conduct our clinical trials. For the clinical trials of Bioheart®, we have cooperated with 22 hospitals, including Beijing Fuwai Hospital, Beijing Anzhen Hospital and Sir Run Run Shaw Hospital, among others, and for the clinical trials of Iberis® 2nd, we have cooperated with 18 hospitals, including Beijing Fuwai Hospital, Shanghai Ruijin Hospital and Lanzhou University Second Hospital, among others. We also have deep relationships with global and domestic leaders in both the BRS and RDN domains, including world-class scientists, physicians and industry practitioners. We

keep close and frequent communication with leading cardiologists, KOLs and principal investigators in the industry to fully understand the clinical needs of patients and physicians, and to develop our products that aim to specifically address such needs. For example, we have been maintaining close relationships with Dr. Runlin Gao, one of the pioneers of interventional cardiology in China and the former Chairman of the National Expert Commission for Cardiovascular Diseases (國家心血管病專家委員會), Dr. Guosheng Fu, one of the promoters of coronary intervention via the radial artery approach and a member of several reputable expert institutes such as the Chinese Society of Cardiology (中華醫學會心血管病學分會), and Dr. Shubin Qiao, who has over 30-years' experience in cardiology and has completed over a thousand cases of coronary angioplasty and stent implantation. We have also published product related academic literatures in various leading reputable international journals such as Eurointervention: Journal of EuroPCR in Collaboration with the Working Group on Interventional Cardiology of the European Society of Cardiology, Circulation: Cardiovascular Interventions, Journal of Advanced Therapies and Medical Innovation Sciences, Journal of the Mechanical Behavior of Biomedical Materials, and Journal of Hypertension.

As part of our path to achieve global competitiveness, we have strategically designed our IP portfolio corresponding to our pipeline development, geographical expansion and indication expansion strategies, and have built up a comprehensive IP portfolio setting high entry barriers for other players. We have a global proprietary patents portfolio and in-depth academic research output for our product candidates. Specifically, as of the Latest Practicable Date, we held eleven registered patents (including one in Europe and ten in China) in relation to Bioheart®, and nine registered patents and three pending patent applications in relation to Iberis® 2nd.

Synergistic Effects Arising from Our Multiple Product Pipelines to Maximize Our Strengths in the Industry

We believe that the synergistic effects arising from our multiple principal product pipelines covering BRS, RDN, and balloon catheter products and product candidates have maximized our strengths and solidified our leading position in the industry by establishing high entry barriers.

First, our research and development team members focusing on the development of our different product pipelines frequently share their academic research results and experience with each other. We believe the sharing of our research and development expertise and results across our different product pipelines provides considerable synergistic opportunities contributing to the further development of our BRS, RDN and balloon catheter products and product candidates.

Secondly, our multiple product pipelines are able to share clinical development team members and resources when they enter into clinical trial stage. Since our BRS, RDN and balloon catheter product candidates generally target the same group of interventionalists, we may conduct the clinical trials for our BRS, RDN and balloon catheter product candidates in the same hospitals, and in many cases, in the same cardiology department. We believe such synergistic effects have strengthened and will continue strengthening our collaborations with hospitals and physicians.

Thirdly, we are able to share regulatory resources and our knowledge suite between our multiple product pipelines, particularly for the future registration of our RDN product candidate in China. We believe our regulatory communications with governmental authorities throughout the BRS approval process can provide meaningful reference for our applications for approval to launch our RDN products and other innovative pipeline products in China in the near future.

Finally, we anticipate that the synergistic effects arising from our multiple product pipelines will also benefit our sales and marketing efforts. As an interventional cardio-vascular platform that offers comprehensive solutions, we are able to address more needs of physicians and patients as compared with other players that focus on a single product pipeline alone, which we believe helps us foster stronger relationships with physicians and distributors and facilitates the cross-promotion of our products.

Visionary and Seasoned Management Team with Rich Industry Experience and Scientific Expertise, Backed by Strong Support from Renowned Shareholders

We are led by a management team of seasoned industry executives with experience in leading medical device companies in China and globally. First and foremost, we benefit from the strong academic background and proven business track record of Mr. Wang, our founder and Chairman of the Board. Mr. Wang has over 24 years of experience in the interventional cardiovascular medical device industry. He previously served as the chief operating officer and chief marketing officer at MicroPort Scientific Corporation (SEHK: 853), a director at Shanghai Kinetic Medical Co., Ltd. (SZSE: 300326), and the Chairman and CEO of Essen Technology (Beijing) Co., Ltd. (易生科技(北京)有限公司), an interventional cardiovascular device company in China with a current focus on the research and development of DES products. He also previously worked at international medical device giants such as Medtronic Plc (NYSE: MDT) and Guidant Corporation (NYSE: GDT).

Our senior management team has extensive industry experience and complementary backgrounds and expertise. Our Chief Finance Officer, Mr. Yunqing WANG, has over 14 years of experience in accounting, financing and investment in the healthcare sector and capital markets. Many other members of our senior management team also have considerable experience working at renowned institutions in their respective fields. For example, Mr. Tao Cai, our supervisor, has over 8 years of experience in the medical industry and previously served as the project director or manager at Beijing Advanced Medical Technology Limited, Beijing Taijie Weiye Technology Company Limited, and Midea Group Company Limited. Mr. Chenzhao Zhang, our supervisor, has over ten years of experience in the medical industry and previously served as the project director or manager at Shanghai Heartcare Medical technology Co., Ltd., Shanghai Kinetic Medical Co., Ltd. (SZSE: 300326) and Yinyi (Liaoning) Biotech Co., Ltd. Mr. Lei Zhu, our Director of quality and regulation department, has over ten years of experience in the medical industry and previously served as the manager of quality and regulation at Shanghai Microport Medical (Group) Co., Ltd.

In addition to our management team, we also benefit tremendously from the strong support of our Shareholders, who have been working closely together with our committed management team to develop and implement our strategies. Our investors, such as TPG, OrbiMed, Legend, and Loyal Valley, have extensive experience in managing and growing medical device companies, and have provided us with invaluable guidance in the development and commercialization of our products.

OUR STRATEGIES

Our goal is to become a world-renowned chronic disease management medical device platform. We plan to implement the following strategies to achieve this goal:

Rapidly Advance the Clinical Development and Commercialization of Our Late-Stage Product Candidates

We intend to rapidly advance the clinical development and commercialization of our product candidates, especially Bioheart® and Iberis® 2nd, in order to enjoy a "first-mover" advantage in the unmet BRS and RDN markets in China. Each of Bioheart® and Iberis® 2nd has been recognized as an "innovative medical device" by the NMPA in February 2017 and November 2016, respectively, and is therefore eligible for an expedited approval process in China. We are in the process of completing the last stage of the clinical trial required for Bioheart® and expect to receive the NMPA approval for Bioheart® in the third quarter of 2023. We are also in the process of completing the confirmatory clinical trial for Iberis® 2nd and expect to receive the NMPA approval Iberis® 2nd in the second quarter of 2023. We also plan to expedite the clinical trial of Iberis® 2nd in Japan by combining our strong research and development capabilities with the market insights of our strategic business collaborator, Terumo, and expect to launch Iberis® 2nd in Japan in 2025 and other overseas countries in the near future. Following the launch of Bioheart® and Iberis® 2nd, we plan to conduct post-launch clinical studies and follow-ups for the two products in line with industry practice and apply a portion of the net proceeds from the Global Offering for such purposes. For more details, please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus.

We also plan to enhance our sales efforts and strengthen our presence in the interventional cardiovascular device market in China. In the BRS market, we plan to maintain cooperation with hospitals who have conducted clinical trials for our product candidates and also penetrate in new hospitals, especially top tier hospitals with large cardiology department such as Liaoning Provincial People's Hospital and the Fourth Affiliated Hospital of Harbin Medical University through physician education and training. We also plan to invite physicians experienced in PCI procedures to conduct systematic BRS training programs to facilitate the physician education process and to promote Bioheart® in preparation for its upcoming commercialization. In the RDN market, we will continuously promote RDN awareness among hospitals, physicians and patients in China. Leveraging our first mover advantages, we plan to refine our existing education efforts and techniques to attract physicians who are interested to be trained to perform RDN. We plan to strengthen our brand recognition through expanding our collaborations with leading principal investigators, KOLs, physicians and hospitals in China. We also plan to promote RDN awareness among patients with uncontrolled or resistant hypertension in China by inviting KOLs to provide training to physicians who will in turn help educate the patients, in order to broaden the potential patient base for Iberis® 2nd. We believe that these marketing activities will strengthen our brand name and promote sales of our product candidates after their upcoming commercialization.

Further Enhance Research and Development Capabilities and Expand Our Product Portfolios

To fuel our long-term growth and solidify our leading position in the market, we will further enhance our research and development capabilities and expand our product portfolios. We plan to enhance our in-house research and development capabilities by attracting and retaining high-caliber talent. We also strive to maintain and expand collaborations with well-known physicians and professionals from top hospitals and research institutions both in China and overseas, and keep close contact with leading cardiologists globally to remain at the forefront of BRS and RDN technology development.

We will focus on the research and development of balloon catheters and bioresorbable polymers to support our product iteration. We also plan to further expand and diversify our product portfolios to capture the opportunities in markets with high growth potential. With the goal of becoming a chronic disease health management medical device platform, we plan to offer comprehensive cardiac solutions to physicians and patients. For example, in addition to the treatment of coronary diseases and hypertension, we are also developing a bioresorbable below-the-knee (BTK) artery drug-eluting stent system for peripheral artery disease, which is currently undergoing animal studies and is expected to be launched in 2025. In addition, we may selectively form partnerships with complementary product providers to enhance our clinical strengths and market advantages and make acquisitions that have the potential to broaden our product portfolio.

Expand Manufacturing Capabilities and Build up In-house Sales & Marketing Team

With the potential launches of our product candidates in around two years and further product launches expected from our pipeline, we intend to primarily utilize our in-house manufacturing capabilities to secure supply of our products at their early stage of commercialization. If our in-house manufacturing capabilities are not sufficient to secure product supply as business need arises in the future, we may consider to adopt a hybrid manufacturing model that employs CMO outsourcing, and we will strictly comply with then applicable laws and regulations for the manufacturing of our products. Currently our in-house production is limited to producing, assembling and testing sample products under development for the purpose of pre-clinical studies, clinical trials and product registration. As further product launches are expected from our pipeline, we plan to build our own in-house manufacturing facilities at commercial scale in China, covering an area of approximately 1,500 sq.m. The initial phase of our in-house manufacturing facility is designed with the maximum capacity of producing approximately 280,000 units of BRS products and 90,000 units of RDN products per year. We have recently entered into a property lease agreement for the manufacturing facility and expect to commence construction for it in the next two years.

We are also in the process of building an in-house sales and marketing team. We expect our sales and marketing team to cover a majority of provinces and municipalities in China and to support the launches of Bioheart® and Iberis® 2nd and further develop into a full-fledged team as we grow in anticipation of further product launches from our pipeline. We also plan to continue to regularly meet with KOLs to discuss our product candidates, conduct product demonstrations and provide training to physicians.

Expand Geographic Presence and Worldwide Footprint

As a leading innovative interventional cardiovascular device company in China with global ambitions, we plan to further expand our presence in China and globally. In China, we

will expand our geographic coverage by establishing collaborations with new hospitals. In overseas markets, we are conducting clinical trials for Iberis® 2nd in collaboration with Terumo in Japan and have obtained CE Marking for Iberis® 2nd in preparation for its future sales in Europe. We have also formed a strategic alliance with Terumo to distribute our RDN product globally once approved. Terumo has extensive business portfolio ranging from vascular intervention and cardio-surgical solutions, blood transfusion and cell therapy technology, to medical products essential for daily clinical practice. Leveraging Terumo's well-established product distribution network covering over 160 countries and regions, we believe the strategic alliance will enhance our brand recognition in Japan, Europe and other overseas markets and promote our sales of RDN products once they are launched. We will also seek opportunities to collaborate with other world-renowned medical companies to promote and distribute our other product candidates in overseas markets.

We believe that industry meetings and conferences are key opportunities for us to present our product candidates to industry participants, and to enhance our market recognition. During the Track Record Period, we have participated in several industry conferences and events, such as the Coronary Multidisciplinary & Interventional Therapeutics (冠心病學科交叉暨介入治療大會), the China Interventional Therapeutics (中國介入心臟病學大會) and the Transcatheter Cardiovascular Therapeutics (美國經導管心血管治療學術會議). We have also taken an active role in sponsoring key industry conferences, such as the 2018 Coronary Multidisciplinary & Interventional Therapeutics (冠心病學科交叉暨介入治療大會) held at Beijing Anzhen Hospital of Capital Medical University. We plan to continue to actively participate in or sponsor key industry conferences and events in the future to promote our brand in China and globally.

Actively Seek Opportunities in External Partnership, Strategic Investments and Acquisitions

We also actively seek opportunities for external partnerships, strategic investments and acquisitions to facilitate our future expansion. We strive to identify promising research and development projects, intellectual property portfolios, or even smaller companies that are complementary to, and can contribute to the expansion of our existing research and development capabilities, and may pursue strategic acquisitions, investments, partnerships or licensing transactions with them. As of the Latest Practicable Date, we had not identified any specific target for such transactions.

OUR PRODUCTS AND PRODUCT CANDIDATES

Our product candidates are subject to approval by relevant authorities, such as the NMPA and/or its local counterparts, as well as the relevant Japanese authority, before commercialization in relevant jurisdictions. For details, please refer to the section headed "Regulatory Overview" in this prospectus. As of the Latest Practicable Date, we had not received any material comments or concerns raised by the relevant regulatory authorities with respect to product candidates, and we believe we are on track to apply for the approval to commercialize our product candidates. For details of our Core Product, please refer to the paragraphs headed "— Bioheart® — Our Core Product" in this section. For details of our major product candidates, please refer to the paragraphs headed "— Our Other Major Product Candidates" in this section. For details of our commercialized product, please refer to the paragraphs headed "— Iberis® — Our First-Generation RDN System" in this section.

Bioheart® — Our Core Product

Our bioresorbable scaffold (BRS) product, Bioheart®, is a self-developed temporary scaffold that will be fully resorbed by the human body over time and is indicated for use in PCI procedures for the treatment of coronary artery disease. Bioheart® is a class III medical device under the classification criteria of the NMPA. As of the Latest Practicable Date, we held eleven registered patents in relation to Bioheart®.

We started the research and development of Bioheart® in July 2014. Bioheart® was recognized as an "innovative medical device" by the NMPA in February 2017 and is therefore eligible for an expedited approval process. As of the Latest Practicable Date, we had completed a single-center feasibility clinical trial for Bioheart® and are in the process of completing a multi-center confirmatory clinical trial, which consists of a randomized controlled clinical trial (RCT) and a single-arm trial (SAT). For details, please refer to the paragraphs headed " — Summary of Clinical Trials" below. We have provided the NMPA (and/or its local branches) with updates as to the progress of the confirmatory clinical trial by promptly submitting reports of severe adverse events from time to time. As of the Latest Practicable Date, the NMPA (and/or its local branches) had not raised any objection to the continued conduct of the confirmatory clinical trial. We expect to complete the required follow-ups for the confirmatory clinical trial and submit our confirmatory clinical trial results to the NMPA for its approval by the end of 2022. After the confirmatory clinical trial report is submitted to the NMPA, we expect to receive the NMPA approval within nine months after the submission, considering various factors such as the complexity of the relevant clinical trial data, the statutory maximum turnaround time for the review procedure, and the expedited approval process Bioheart® is eligible for. We currently expect to receive the NMPA approval for Bioheart® in the third quarter of 2023, and plan to launch it shortly after receiving the NMPA approval. According to Frost & Sullivan, Bioheart® is expected to be the world's first second-generation BRS system approved for commercialization based on multi-center RCT results.

Product Description

Bioheart® is a temporary coronary scaffold comprised of a fully bioresorbable scaffold and bioresorbable polymer coating. Bioheart® is designed to improve coronary luminal diameter in patients with ischemic heart disease and can be completely resorbed by the human body in approximately three years.

The Bioheart® BRS system includes:

- a polymer poly (L-lactide) (PLLA) scaffold pre-mounted on a balloon and coated with the antiproliferative drug rapamycin. The PLLA material and its degraded products have been proven safe through various clinical studies for certain BRS products that had been approved for commercialization as of the Latest Practicable Date (including Lepu Medical's NeoVas and Shandong BioHuaan's Xinsorb, which had been approved for commercialized in China, and Meril's MeRes100 and Elixir Medical's DEsolve, which had been approved for commercialization in Europe), according to Frost & Sullivan;

- four radiopaque markers located at the end rings of the scaffold, marking the scaffold length prior to deployment and after expansion in the artery. The stent itself is not visible under X-ray fluoroscopy;

- two radiopaque markers located underneath the balloon, fluoroscopically marking the working length of the balloon and the location of the undeployed scaffold of the scaffold delivery system;

- a rapid exchange delivery system;

- two proximal delivery system shaft markers indicating the position of the delivery system relative to the end of the radial or femoral guiding catheter;

- a distal strut color change denoting the guide wire exit notch;

- a controlled drug release system with the outer surface of the stent strut having the highest dose of drug, the side wall of the stent strut having a lower dose, and the inner surface of the stent strut having the lowest dose, in order to ensure optimal effect of endothelialization and inhibition of excessive proliferation; and

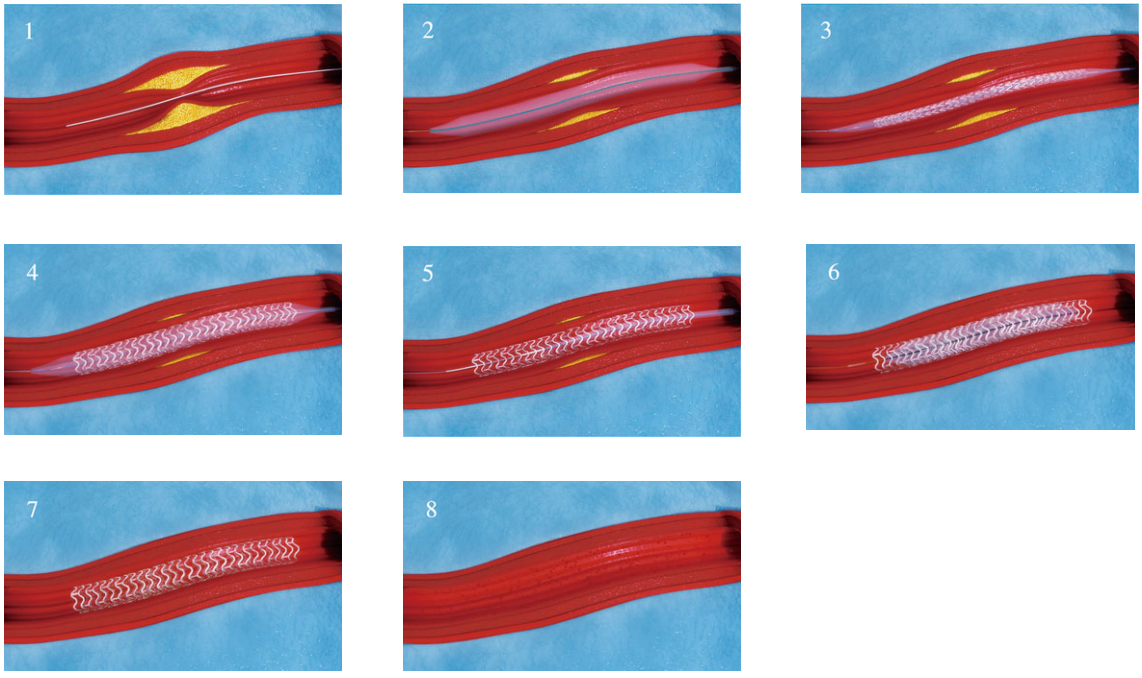
- a delivery system with (1) a small over-hang design suitable for the balloon expansion area to reduce damage to the outside of the lesion area, (2) a super soft tip to improve trackability, (3) a gradual transit section to improve the effective transmission of pushing force for deployment, and (4) a hydrophilic coating over the distal portion to reduce resistance during the pushing process and to improve pushability.

See below for an illustrative diagram of Bioheart®:

Bioheart® has a strut thickness of only approximately 125 μm to 145 μm but is able to provide sufficient radial support force comparable to products with a strut thickness over 150 μm. According to Frost & Sullivan, thinner scaffolds are easier for physicians to maneuver during procedures, enable faster endothelialization, and help reduce the risk of post-operation thrombosis as well as other risks. Bioheart® also has an advanced drug release mechanism, realizing precise control of drug distribution at different locations of the stent strut through ultrasonic directional spray technology. Utilizing our proprietary marker inlay techniques, Bioheart® is also expected to achieve better visibility for physicians during procedures when compared with competing product candidates.

Operation Procedure

Bioheart® is used in PCI procedures. PCI is a non-surgical procedure combining coronary angioplasty with stenting, and typically includes several steps. First, the physician prepares the vascular access site in accordance with standard practice. The physician then visualizes the blood vessels on X-ray imaging and uses a pre-dilatation balloon catheter in which a deflated balloon is advanced into the obstructed vessel and inflated to relieve the narrowing, which will prepare for the deployment of a scaffold. After this, the physician can initiate the deployment procedure, during which the physician deploys the scaffold by pressurizing the delivery system until the scaffold is completely expanded. The physician confirms the scaffold position and deployment using standard angiographic techniques. The physician can then use a non-compliant high-pressure post-dilatation balloon to press the scaffold against the vessel wall, to ensure complete apposition of the scaffold to the vessel wall. The physician then withdraws the scaffold delivery catheter/post-dilatation balloon from the deployed scaffold. The following diagrams illustrate the operation procedure:



1 Untreated narrowed vessel
2 Pre-dilatation to open the vessel and to prepare for the deployment of the BRS
3-5 Delivery, deployment and release of the BRS
6 Post-dilatation to ensure complete apposition of the BRS to the artery wall
7 Treated vessel immediately after the procedure
8 Healed vessel after absorption of the BRS

Summary of Clinical Trials

As advised by our PRC Legal Adviser, the applicable rules and guidance with respect to the clinical trials of BRS products in China primarily include (1) the Evaluation Principles for Clinical Trials of Bioresorbable Coronary Drug-Eluting Stents (《全降解冠狀動脈藥物洗脫支架臨床試驗審評要點》) promulgated by the NMPA in April 2015 and (2) the Guidelines for Clinical Trials of Bioresorbable Coronary Drug-Eluting Stents (《生物可吸收冠狀動脈藥物洗脫支架臨床試驗指導原則》) promulgated by the NMPA in March 2019 (collectively, the "**BRS Clinical Trial Guidelines**"). For details, please refer to the paragraphs headed "— Research and Development — Regulatory Bodies' Guidance Relating to Medical Device Clinical Trials and Communication with Competent Authorities." According to the BRS Clinical Trial Guidelines, a medical device company aiming to commercialize a BRS product candidate in China must (1) complete a feasibility clinical trial to make a preliminary observation of the safety and efficacy profiles of the product candidate and (2) after the safety and efficacy profile of the product candidate has been satisfactorily demonstrated by the feasibility clinical trial, proceed to conduct and complete a multi-center confirmatory clinical trial, which should consist of a randomized controlled clinical trial (RCT) and a single-arm trial (SAT). As advised by our PRC Legal Adviser, to commercialize Bioheart® in China, we need to submit a clinical trial report to the NMPA for its approval, which should contain, among others, the 6-month follow-up data for the subjects enrolled in the feasibility clinical trial, the 36-month follow-up data for the subjects enrolled in the RCT, and the 12-month follow-up data for the subjects enrolled in the SAT.

Single-Center Feasibility Clinical Trial

In July 2016, we were approved by the NMPA to conduct a single-center feasibility clinical trial for Bioheart®. In November 2016, we completed the enrollment of 46 trial subjects for the feasibility clinical trial, and PCI procedures were subsequently performed on the trial subjects at Beijing Fuwai Hospital. The protocol of the feasibility clinical trial for Bioheart® was approved by the NMPA and was in line with the BRS Clinical Trial Guidelines. The primary endpoint of the feasibility clinical trial was the target lesion failure (TLF) at 30 days after the procedures. We are required to collect the 6-month follow-up data so as to observe all the endpoints recommended to be observed by the BRS Clinical Trial Guidelines. We also voluntarily conducted follow-ups up to three years based on the protocol of the feasibility clinical trial to evaluate the long-term safety and efficacy profiles of Bioheart®. As of the Latest Practicable Date, clinical data regarding the primary endpoint of the feasibility clinical trial, as well as all the other endpoints recommended to be evaluated under the BRS Clinical Trial Guidelines, are available, and the relevant clinical data satisfactorily demonstrated the safety and efficacy profiles of Bioheart®. For details, please refer to the paragraphs headed "— Single-Center Feasibility Clinical Trial Data" below. In June 2017, upon completion of the 6-month follow-ups, the principal investigator for the feasibility clinical trial confirmed that we had successfully completed the feasibility clinical trial for Bioheart® and that we can proceed with the confirmatory clinical trial for Bioheart®. Accordingly, we initiated the RCT for Bioheart® in September 2017. Please refer to the paragraphs headed "— Multi-Center Confirmatory Clinical Trial" below for details.

As advised by our PRC Legal Adviser, the feasibility clinical trial forms a key part of the application required by the NMPA. As further advised by our PRC Legal Adviser, we are not required to actively reach out to the NMPA or its local branches to seek confirmation or "no objection" to proceed with the confirmatory clinical trial. Our PRC Legal Adviser reached this conclusion after, among others, (i) reviewing and analyzing the requirements expressly set forth under all the laws, regulations and rules applicable to the clinical trials for Bioheart®; (ii) reviewing and analyzing the requirements set forth in the protocol of the clinical trials for Bioheart®; (iii) reviewing the approvals issued by the NMPA and/or its predecessor with respect to the feasibility clinical trial for Bioheart®, and the filings made by our Company with the Shanghai Medical Products Administration (the "**Shanghai MPA**") and/or its predecessor with respect to each of the clinical trials for Bioheart®; (iv) reviewing the material correspondence between our Company, the NMPA and the Shanghai MPA (and/or their respective predecessor) with respect to such clinical trials; and (v) discussing with industry experts (including but not limited to the industry consultant engaged by us) to understand the general practice adopted by the NMPA and its local branches with respect to the conduct of clinical trials by the applicants, as well as the applications made, and the approvals obtained, by our peer companies when they conducted clinical trials for their respective earlier generation BRS products. In December 2020, we conducted a telephone interview with an officer at the Shanghai MPA, who also confirmed that so long as the relevant clinical trials were conducted in accordance with applicable laws and regulations, the Shanghai MPA typically would not object to the conduct of such clinical trials, and if the prior approved protocol of the clinical trial does not so require, it is not necessary for our Company to separately obtain a formal approval letter or "no objection" letter from the NMPA or the Shanghai MPA before proceeding with the confirmatory clinical trials. The officer we interviewed was a senior officer at the Center for Medical Product Certification and Evaluation of the Shanghai MPA (上海市藥品監督管理局認證審評中心), and a certified national-level reviewer for medical devices (國家醫療器械檢查員) appointed by the Center for Food and Drug Inspection of NMPA (國家藥品監督管理局食品藥品審核查驗中心). As confirmed by our PRC Legal Adviser, the officer is competent to give such confirmation, as (i) the Center for Medical Product Certification and Evaluation is in charge of the review and approval of medical products, including medical devices, (ii) the Shanghai MPA is a competent authority supervising the clinical trials of Bioheart® and (iii) the officer we interviewed has the requisite knowledge over the clinical trial status of Bioheart® and is one of the main contacts for our communications with the Shanghai MPA.

As of the Latest Practicable Date, we had compiled statistical analysis reports containing the 30-day, 6-month, 1-year, 2-year and 3-year follow-up data for the feasibility clinical trial.

Multi-Center Confirmatory Clinical Trial

We initiated the RCT for Bioheart® in September 2017, and completed the enrollment of a total of 431 subjects for the RCT in August 2019, which is a blind randomized study involving a study group and a control group. The RCT involves 22 hospitals in China, with Beijing Fuwai Hospital as the principal investigator institution. The initiation of the RCT was approved by the NMPA and was in line with the BRS Clinical Trial Guidelines. According to the protocol of the RCT, the 431 subjects were randomized in an approximately 1:1 ratio to a study group, where the subjects receive treatment using Bioheart® and a control group, where the subjects receive treatment using the drug eluting stents manufactured by Abbott, namely XIENCE PRIME™ or XIENCE V®. The primary endpoint of the RCT was in-segment late lumen loss at one year after the procedures.

As of the Latest Practicable Date, we had completed all the necessary follow-ups to evaluate the primary endpoint of the RCT. The RCT is a "single-blind" randomized study, and in accordance with the Clinical Trial Data Management Guidance (《臨床試驗數據管理工作技術指南》) issued by the NMPA in July 2016, before the trial results can be "unblinded," we, together with the principal investigators and the CRO, need to complete, among others, the following procedures: data handling, data review, data quality control, and database closeout. Particularly, the data quality control requirements of different hospitals may vary, and because the RCT for Bioheart® involves 22 hospitals, the data quality control process would be very time consuming. We currently aim to complete the quality control process by the end of September 2021. Before the trial data are "unblinded," the data analysts at the CRO would not know which group of patients received treatment using Bioheart® and which group received treatment using the stents manufactured by Abbott. Even after the trial data are "unblinded," we, the principal investigators and the CRO would still need to take additional time to collect, examine, and analyze the relevant data, and to prepare the statistical analysis report and the clinical trial report. Therefore, no clinical data for the RCT is available for disclosure in this prospectus. We currently aim to complete the statistical analysis report and the clinical trial report containing the 1-year follow-up data for the RCT by the end of 2021. Furthermore, the clinical trial results of the RCT for Bioheart®, once "unblinded", may fail to show the safety and efficacy traits as we expected. As a result, we may incur additional costs or experience delays in completing, or even ultimately be unable to complete the RCT for Bioheart®. For details, please refer to the paragraphs headed "Risk Factors — Risks Relating to Our Products and Product Candidates — Risks Relating to the Development of Our Product Candidates" in this prospectus.

We initiated the SAT in April 2021, and aim to complete the enrollment of a total of 1,000 subjects for the SAT within 2021, including 215 subjects who had already been enrolled in the RCT.

Each of the trial subjects for the single-center feasibility clinical trial and the multi-center confirmatory clinical trial meets the following conditions:

- the subject ages from 18 to 75 years old and is not pregnant;
- the subject has asymptomatic ischemic evidence, stable or unstable angina, or old myocardial infarction, suitable for selective PCI;
- the subject has no contraindications of coronary artery bypass grafting (CABG);
- the subject has one or two de novo target lesions. If the subject has only one target lesion, the second non-target lesion can be treated but this non-target lesion must locate in a different epicardial vessel, and must be treated first and be treated successfully prior to the subjects' randomization; if there are two target lesions, they must be located in different epicardial vessels and both must satisfy the angiographic eligibility criteria;

- target lesion diameter stenosis ≥ 70% (or ≥ 50% and with clinical evidence of myocardial ischemia), and thrombolysis in myocardial infarction (TIMI) flow grade ≥1; target lesion length ≤ 24mm (by visual estimation); target lesion diameter between 2.5 mm and 4.00 mm; and

- each target lesion can be fully covered by one stent.

Single-center feasibility clinical trial data

The purpose of the feasibility clinical trial was to make a preliminary observation of the safety and efficacy profiles of Bioheart® with a focus on safety evaluations. The success rate of the deployment of Bioheart® in the feasibility clinical trial was 100.0%. The primary endpoint of the feasibility clinical trial was target lesion failure (TLF), which is the composite of cardiac death, myocardial infarction attributable to target vessel (TV-MI) and ischemia-driven target lesion revascularization (ID-TLR), at one month after the procedure. The secondary endpoints of the feasibility clinical trial included, among others, scaffold thrombosis (per Academic Research Consortium (ARC) definition), bleeding events, and DMR, which is the composite of all death, all myocardial infarction (MI) and all revascularization. The chart below shows the trial subjects with the relevant adverse events in number and as percentages of the total number of trial subjects (46) before the end of the relevant follow-up period:

Adverse Events	**Follow-Up Period**				
	1 Month	**6 Months**	**1 Year**	**2 Years**	**3 Years**
	Number of Trial Subjects (% of Total)				
Target Lesion Failure (TLF)	0 (0%)	0 (0%)	2 (4.35%)	3 (6.52%)	4 (8.70%)
Cardiac Death	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)
Myocardial Infarction attributable to Target Vessel (TV-MI)	0 (0%)	0 (0%)	1 (2.17%)	1 (2.17%)	1 (2.17%)
Ischemia-Driven Target Lesion Revascularization (ID-TLR)	0 (0%)	0 (0%)	2 (4.35%)	3 (6.52%)	4 (8.70%)
Scaffold Thrombosis (per ARC definition)	0 (0%)	0 (0%)	1 (2.17%)	1 (2.17%)	1 (2.17%)
Bleeding	0 (0%)	0 (0%)	1 (2.17%)	1 (2.17%)	1 (2.17%)
DMR	0 (0%)	0 (0%)	4 (8.70%)	5 (10.87%)	7 (15.22%)
All Death	0 (0%)	0 (0%)	0 (0%)	0 (0%)	1 (2.17%)
All Myocardial Infarction (MI)	0 (0%)	0 (0%)	1 (2.17%)	1 (2.17%)	1 (2.17%)
All Revascularization	0 (0%)	0 (0%)	4 (8.70%)	5 (10.87%)	6 (13.04%)

The efficacy of Bioheart® was primarily evaluated by late lumen loss, which is calculated as (minimum lumen diameter (MLD) post-procedure) - (MLD at the end of the follow-up period). In order for physicians to observe the late lumen loss of the trial subjects, the trial subjects need to undergo angiography procedures at hospitals. We have scheduled angiographic follow-ups for the trial subjects for the feasibility clinical trial at 6 months, 1 year, 2 years and 3 years after the procedures, pursuant to the protocol of the feasibility clinical trial. Because angiography procedures are invasive, in order to reduce the frequency of such invasive procedures which the trial subjects must undergo, when designing the protocol for the feasibility clinical trial, all trial subjects were divided into two groups, where

the first group (30 subjects) were scheduled to receive angiographic follow-up at 6 months and 2 years after the procedures and the second group (16 subjects) were scheduled to receive angiographic follow-up at 1 year and 3 years after the procedures. The chart below shows the details of the late lumen loss of the two groups of subjects at the end of the relevant follow-up periods:

	Group 1 (30 Subjects in Total)		**Group 2 (16 Subjects in Total)**	
	6 Months	**2 Years**	**1 Year**	**3 Years**
Number of Subjects (Missing)	29 (1)	24 (6)	15 (1)	12 (4)
In-Device Late Lumen Loss	0.13±0.09	0.44±0.47	0.36±0.58	0.46±0.34
Proximal Late Lumen Loss	0.09±0.19	0.24±0.36	–0.05±0.67	0.22±0.31
Distal Late Lumen Loss	0.03±0.15	0.26±0.41	0.15±0.67	0.25±0.33
In-Segment Late Lumen Loss	0.07±0.17	0.38±0.43	0.23±0.61	0.37±0.28

According to Frost & Sullivan, as of the Latest Practicable Date, the relevant regulatory authorities in China had not published any clear "acceptance threshold" on the safety and efficacy indicators for BRS products. In addition to clinical trial data, various factors such as the number of patients enrolled and the criteria for patient enrollment will also be considered by the competent authorities when evaluating the clinical trial results of Bioheart®. The principal investigators of the feasibility clinical trial for Bioheart® confirmed that Bioheart® demonstrated excellent safety and efficacy profiles in the feasibility clinical trial, and recommended us to proceed to conduct the RCT for Bioheart®. Hence, our Directors believe that although there has been no clear indication from the regulatory authorities on what the "acceptance threshold" is, there has been sufficient basis to conclude that the safety and efficacy profiles of Bioheart® demonstrated in the feasibility clinical trial as disclosed above were well above such threshold. After conducting researches and discussing with KOLs in the industry, Frost & Sullivan, our industry consultant, also confirmed the above. Based on publicly available information, our Directors believe that the safety and efficacy profiles of Bioheart® demonstrated in the feasibility clinical trial were comparable to those demonstrated by the two first-generation BRS products approved by the NMPA, despite the facts that Bioheart® has a much thinner strut, and that the trial subjects enrolled in the feasibility clinical trial for Bioheart® had longer (i.e., generally more difficult to treat) lesions than the trial subjects enrolled in the clinical trials conducted by the two above-mentioned first-generation BRS products. Considering all of these factors, our Directors believe that there is basis to support that Bioheart® is expected to demonstrate efficacy profiles to the satisfaction of the relevant regulatory authorities in China.

Market Opportunity and Competition

As explained above, as of the Latest Practicable Date, the clinical trial results for the RCT for Bioheart® were not yet finalized, and the only clinical trial results in relation to Bioheart® available for disclosure in this prospectus are the above-mentioned follow-up results for the feasibility clinical trial. As confirmed by the principal investigator for the feasibility clinical trial, we had successfully completed the feasibility clinical trial for Bioheart®, and the trial successfully demonstrated the safety profile of Bioheart®. In addition, our Directors believe that the above-mentioned follow-up results for the feasibility clinical trial also help demonstrate the efficacy profile of Bioheart®. Our Directors also believe there

is a high chance that Bioheart® can demonstrate satisfactory safety and efficacy profiles in the ongoing RCT as well as the upcoming SAT, and currently expect that Bioheart® can be approved by the NMPA for commercialization in China in the third quarter of 2023. Notwithstanding the foregoing, the investors are reminded of the fact that promising results of pre-clinical studies and feasibility clinical trial for our product candidates may not be predictive of the results of confirmatory clinical trials, and that the regulatory approval for our product candidates involve many uncertainties. Please refer to the paragraphs headed "Risk Factors — Risks Relating to Our Products and Product Candidates — Risks Relating to the Development of Our Product Candidates — If clinical trials of our product candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results in a timely manner or at all, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our product candidates" for more details of the relevant risks.

According to Frost & Sullivan, the number of coronary artery disease patients in China increased from 22.0 million in 2015 to 24.6 million in 2019 at a CAGR of 2.8%, and is expected to further increase to 28.0 million in 2024 at a CAGR of 2.6% from 2019 to 2024. Despite the large and quickly growing coronary artery disease patient pool in China, the penetration rate of PCI procedures in China has been low. According to Frost & Sullivan, among every one million of the population, only approximately 729 PCI procedures were conducted in China in 2019, as compared to 2,951, 2,276 and 2,222 procedures for the United States, Japan and Europe, respectively, in the same year, indicating a huge growth potential of the PCI device market in China.

Driven by factors such as the aging population, the increasing number of patients with coronary artery disease and the patients' improving accessibility to qualified healthcare institutions, the volume of PCI procedures conducted in China grew rapidly from 0.6 million in 2015 to 1.0 million in 2019 at a CAGR of 15.8%, and is expected to further grow significantly to 1.9 million in 2024 at a CAGR of 12.7% from 2019 to 2024, according to Frost & Sullivan.

Therapeutic PCI devices primarily include coronary stents and balloon catheters. According to Frost & Sullivan, in recent years, there have been significant developments in stent technology, and the design of the stents evolved from BMS to DES, and further to BRS. We believe that as compared to DES, the currently prevailing coronary stents in the market, BRS has the potential to introduce a paradigm shift in interventional cardiology, as it enables a true anatomical and functional "vascular restoration" instead of merely implanting an artificial foreign body, and offers a unique value proposition of "intervention without implantation." According to Frost & Sullivan, the number of BRS used in PCI procedures in China is expected to increase significantly at a CAGR of 92.1% from approximately 11,700 units in 2019 to approximately 306,300 units in 2024 and further increase to approximately 1,289,000 units in 2030, representing a CAGR of 27.1% from 2024 to 2030. The market size of BRS products in China is expected to increase significantly from RMB0.2 billion in 2019 to RMB6.6 billion in 2030 at a CAGR of 38.5%.

However, the development of the BRS market in China is still at an early stage. According to Frost & Sullivan, as of the Latest Practicable Date, only two products were commercialized in China, each of which was a first-generation BRS product with strut thickness of over 150 μm. As of the Latest Practicable Date, there were only four domestic companies with second-generation product candidates in the clinical trial stage in China.

The diagram below shows the features of the commercialized and clinical-stage BRS products in the China market as of the Latest Practicable Date:

	Commercialized Drug Eluting BRS		Clinical-Stage Drug Eluting BRS			
Manufacturer	**Lepu Medical**	**Shandong BioHuaan**	**Bio-heart**	**MicroPort**	**AMET**	**Lifetech**
Product Name	NeoVas	Xinsorb	Bioheart	Firesorb	Amsorb	IBS
Strut Thickness (μm)	170	160	125-145	100-125	140-150	70-80
Radial Force (N/mm)	1.4	1.1	1.4	1.2	Unknown	Unknown
First-in-human Trial (FIM)	Completed	Completed	Completed	Completed	Completed	Completed
Randomized Controlled Trial (RCT)	Completed	Completed	In Progress	In Progress	In Progress	In Progress
Approval Time	2019	2020	N/A	N/A	N/A	N/A
Imaging Marker	4 (manually embedded)	4 (manually embedded)	4 (embedded by machine)	N/A	2	Unknown
***Public Tender Price (RMB)**	29,970	39,800	N/A	N/A	N/A	N/A
Governmental Reimbursement Coverage	No	No	N/A	N/A	N/A	N/A

** Public tender price may vary for different provinces, so a median price is used for each product in this table.*

Source: The NMPA, the CMDE, Company website, and Frost & Sullivan analysis

According to Frost & Sullivan, China's BRS market is expected to continue to be dominated by a few domestic players, and the ability to develop advanced products with thinner struts while able to maintain sufficient radial force is expected to be one of the key distinguishing factors for competing in this market. In addition, BRS product manufactures not only compete in the product research and development capabilities, but also vigorously compete in the commercialization capabilities in many respects, such as the sales and marketing capabilities, the abilities to establish and expand distribution network and the relationship with hospitals. Among all the three manufactures with clinical-stage BRS products in China, MicroPort is the leading market player (in terms of number of staff and sales representatives) and has well-established distribution network for medical devices and deep relationship with Class III hospitals in China. This may gain MicroPort strong advantages over the other two manufactures upon commercialization of their BRS product candidates.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET BIOHEART® SUCCESSFULLY.

Our Other Major Product Candidates

Iberis® 2nd — Our Second-Generation RDN System

Iberis® 2nd is our self-developed second-generation renal denervation (RDN) system designed for the treatment of uncontrolled hypertension and resistant hypertension. Iberis® 2nd is a class III medical device under the classification criteria of the NMPA. As of the Latest Practicable Date, we held nine registered patents and three pending patent applications in relation to Iberis® 2nd. As compared to our first-generation RDN product, Iberis®, Iberis® 2nd has a spiral-designed structure to ensure wall-apposition effect, and a smaller profile (not larger than 4F) to better accommodate different openings of the renal artery and allow for more effective ablation of branch vessels of the renal artery. Iberis® 2nd also has more electrodes, which helps shorten the duration of the procedure and reduce the radiation exposure suffered by patients and physicians during the procedure. For details of Iberis®, please refer to the paragraphs headed "— Iberis® — Our First-Generation RDN System" in this section.

In China, we initiated the randomized controlled clinical trial (RCT) for Iberis® 2nd in 2017, and aim to complete the enrollment of a total of 216 subjects by the end of 2021. The RCT involves 18 hospitals in China, with Beijing Fuwai Hospital as the principal investigator institution. As of the Latest Practicable Date, 208 subjects had been enrolled in the RCT.

Iberis® 2nd was recognized as an "innovative medical device" by the NMPA in November 2016 and is therefore eligible for an expedited approval process. To commercialize Iberis® 2nd in China, we need to submit our one-year follow-up results for the subjects enrolled in the RCT to the NMPA for its approval. We have provided the NMPA (and/or its local branches) with the updates as to the progress of the RCT by promptly submitting reports of severe adverse events from time to time. As of the Latest Practicable Date, the NMPA (and/or its local branches) had not raised any objection to the continued conduct of the RCT. We expect to complete the required follow-ups for the clinical trial and submit our RCT results to the NMPA for its approval in the fourth quarter of 2022. After the confirmatory clinical trial report is submitted to the NMPA, we expect to receive the NMPA approval within six months after the submission, considering various factors such as the statutory maximum turnaround time for the review procedure, and the expedited approval process Iberis® 2nd is eligible for. We expect to receive the NMPA approval for and launch Iberis® 2nd in the second quarter of 2023.

We have obtained CE Marking for Iberis® 2nd in 2016 in preparation for its future sales in Europe. We are also conducting clinical trials for Iberis® 2nd in Japan in collaboration with Terumo. As of the Latest Practicable Date, we had completed the first-in-human clinical trial for Iberis® 2nd in Japan and plan to initiate a randomized controlled clinical trial in 2022. We expect to launch Iberis® 2nd in Japan in 2025.

Acquisition of AngioCare

AngioCare was founded in 2011 and is primarily engaged in the research and development of renal denervation medical devices.

As part of our strategy to build an integrated interventional cardiovascular device platform, we acquired 65.69% equity interests in AngioCare through the Acquisition of AngioCare in September 2020. AngioCare became our subsidiary upon the closing of the Acquisition of AngioCare in September 2020. For more details regarding the acquisition, please refer to the paragraphs headed "History, Development and Corporate Structure — Corporate Development" in this prospectus.

After the Acquisition of AngioCare, we integrated the day-to-day administration of the businesses of our Company and AngioCare. We also streamlined the organizational structure of the enlarged group by merging certain teams shared by each company, such as human resources, finance, clinical trial management, and marketing.

We have consolidated AngioCare's results of operations since September 21, 2020. For more details on the financial information of AngioCare and our consolidated financial information, please refer to the section headed "Financial Information" and Appendix IA/IB to this prospectus.

Product Description

The Iberis® 2nd system consists of a radiofrequency ablator and a flexible catheter. Each of the catheter and the radiofrequency generator is described below:

- *Catheter:* The catheter is designed to deliver low-level radio frequency (RF) energy through the wall of the renal artery to achieve renal denervation. It is placed in the vasculature adjacent to the target neural site using standard interventional catheter techniques. RF energy is then delivered through the catheter to the target nerves.

- The catheter is a multi-electrode ablation catheter designed for auto-vessel-wall-apposition and has the function of wall-apposition inspection.

- The catheter is a 6F compatible, single-use catheter that is used in conjunction with a standard dispersive electrode. The platinum electrode (catheter tip) is radiopaque, which assists in the positioning of the catheter, using X-ray fluoroscopic guidance.

Diagram 1 below illustrates the structure of Iberis® 2nd catheter, and diagram 2 below illustrates the electrode section (the catheter tip) after it reaches the treatment location during the procedure:

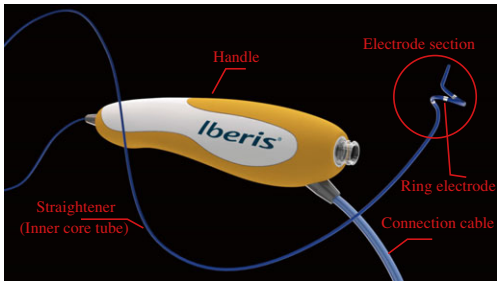


Diagram 1

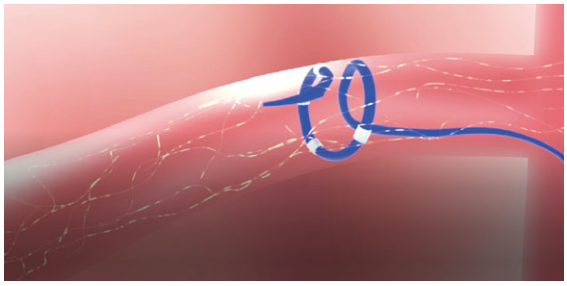
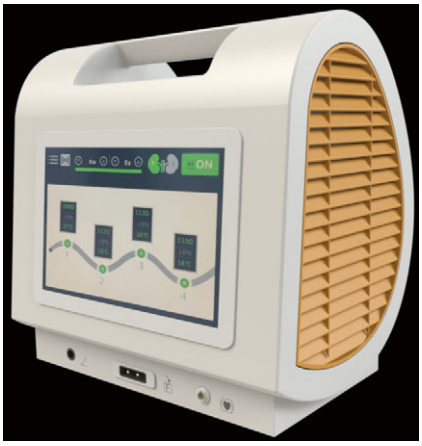


Diagram 2

- *Radiofrequency ablator:* The radiofrequency ablator is an integral part of the renal denervation system and is designed to deliver precisely controlled RF energy treatments using the catheter. The radiofrequency ablator delivers RF energy via a dynamic algorithm, and continually monitors and adjusts the power output, taking into account impedance and temperature measurements, and ensuring that the delivered energy is safe and efficacious. The radiofrequency ablator is compact and lightweight for ease of use within the interventional suite. It is activated via a hands-free switch to allow the user to remain focused on the procedure.

See below for an illustrative diagram of Iberis® 2nd radiofrequency ablator:



According to Frost & Sullivan, Iberis® 2nd is the world's only RDN product that provides both transfemoral and transradial intervention options to physicians in operation procedures, which provides physicians with greater flexibility to choose the most suitable treatment approach for their patients. As compared with single-electrode RDN product candidates, our multi-electrode Iberis® 2nd can effectively reduce the duration of the procedure, and reduce the radiation exposure suffered by the patients and physicians during the procedure. In addition, Iberis® 2nd is the only multi-electrode RDN product candidate in China that features a combined ablation of the main renal artery and its branches, and we believe that, as compared with other product candidates that can only ablate the main renal artery, Iberis® 2nd is able to improve the blood pressure lowering efficacy of the RDN procedure, which Frost & Sullivan concurs.

Operation Procedure

In the RDN procedure, the physician first performs renal angiography to confirm renal artery anatomy (assessing in particular for anatomical suitability, including vessel diameter, length, angle of origin and the presence of atherosclerotic plaque). The physician then introduces a guiding catheter through the patient's femoral artery in the upper thigh or radial artery in the arm into the renal artery opening and delivers a guidewire to the distal end of the renal artery branch (diameter >= 3 mm). When the ablation catheter reaches the treatment location along the guidewire, the guidewire is retracted and the tip of the ablation catheter deploys in a unique helical (spiral) configuration. Automatically fitting to the inner wall of the renal artery vasculature, the automatically positioned electrodes are distributed through a four-directional limit to achieve 360 degree ablation of the artery wall. Under the control of the radiofrequency generator, energy is delivered to the electrodes and diffuses to the surrounding nerves for ablation, to help control blood pressure. Typically, the physician will decide the location and frequency of treatment of the renal artery, and all segments of the renal artery vessel with a diameter of 3-8 mm will be ablated. Once one renal artery has been ablated, the ablation of the other renal artery continues. The ablation should follow the standards of completeness and adequacy. Following treatment of both kidneys, the catheter is removed and no permanent implant is left behind. The total treatment time is typically less than 20 minutes for each kidney if there are six ablations on each kidney, and the procedure is relatively easy to conduct.

Summary of Clinical Trials

Randomized Controlled Clinical Trial (RCT) in China

Iberis® 2nd has been recognized as an "innovative medical device" by the NMPA in November 2016, and is therefore eligible for an expedited approval process in China. We initiated the RCT for Iberis® 2nd in China in 2017, and aim to complete the enrollment of 216 subjects in total by the end of 2021. As of the Latest Practicable Date, we had completed the enrollment of 208 subjects and encountered no device-related severe adverse events during the trial.

Each of the trial subjects for the clinical trials in China met the following conditions:

- the subject ages from 18 to 65 years old;
- the subject has resistant hypertension;
- the subject has a stable medication regimen including 3 antihypertensive medications of different classes, including a diuretic (with no changes for a minimum of 4 weeks prior to screening) and 1) Office SBP ≥150 and ≤180 mmHg, and DBP ≥90, 2) average 24-hour ambulatory SBP and/or DBP ≥135 and ≤170 mmHg; and
- the subject's main renal arteries with ≥3 mm diameter or with ≥20 mm treatable length (by visual estimation).

First-in-Human Trial (FIM) in Japan

As of the Latest Practicable Date, we had completed the FIM for Iberis® 2nd in Japan in collaboration with Terumo, which trial enrolled 17 trial subjects. The safety indicators for the FIM in Japan were major adverse events (e.g., death, kidney function failure, etc.) suffered by the trial subjects. As confirmed by Terumo, none of the trial subjects suffered from any major adverse event, whether device-related or procedure-related, demonstrating promising safety profile of Iberis® 2nd.

Each of the trial subjects for the FIM in Japan met the following conditions:

- the subject ages from 20 to 75 years old;
- the subject has resistant hypertension and uncontrolled hypertension with difficulty using additional antihypertensive medications;
- the subject takes three or four antihypertensive drugs of different classes, or two antihypertensive drugs of different classes if it is difficult to treat the subject with additional antihypertensive medications; and
- office SBP ≥140 mmHg, office DBP ≥90 mmHg, and mean 24-hour office SBP ranging from 135 mmHg to 180 mmHg.

Market Opportunity and Competition

According to Frost & Sullivan, the number of hypertension patients in China has been increasing steadily from 289.9 million in 2015 to 317.4 million in 2019 at a CAGR of 2.3%, and is expected to further increase in the future and reach 388.0 million in 2030. In 2019, only approximately 22.0% of hypertension patients in China had their hypertension under control, and the rest suffered either from uncontrolled hypertension (approximately 63% of hypertension patients) or resistant hypertension (approximately 15% of hypertension patients), according to Frost & Sullivan. Similarly, in Japan, the number of hypertension patients increased from 37.5 million in 2015 to 40.1 million in 2019 at a CAGR of 1.7%, and is projected to continue to increase to reach 42.4 million in 2030. In 2019, only approximately 15.7% of hypertension patients in Japan had their hypertension under control, and the rest suffered either from uncontrolled hypertension (approximately 72% of hypertension patients) or resistant hypertension (approximately 13% of hypertension patients), according to Frost & Sullivan.

RDN is one of the very few therapies with proven clinical efficacy to treat uncontrolled hypertension and resistant hypertension. Pharmacotherapy alone is difficult to treat resistant hypertension. For uncontrolled hypertension, although antihypertensive medications are effective in treating it, patients' adherence to pharmacotherapy had been poor. According to Frost & Sullivan, approximately half of uncontrolled or resistant hypertension patients stopped taking their medications as prescribed by the physicians within one year of starting them, and approximately 20% of uncontrolled or resistant hypertension patients barely even tried to adhere to their physicians' pharmacotherapy prescriptions in the first place. Therefore, there exist huge unmet medical needs for effective, long-term alternative therapies for the treatment of uncontrolled and resistant hypertension. The RDN therapy is one of the very few therapies with proven clinical efficacy to treat uncontrolled hypertension and resistant hypertension, and has many advantages over other traditional treatment solutions. For more information of the benefits of the RDN therapy, please refer to the paragraphs headed "Industry Overview — The Renal Denervation Medical Device Market — Uncontrolled and Resistant Hypertension and Treatment Solutions." However, as of the Latest Practicable Date, there were no RDN product commercialized in China or Japan, leaving the huge medical needs of uncontrolled and resistant hypertension patients unmet.

In China's RDN market, as of the Latest Practicable Date, there were three market players that had RDN product candidates in the clinical trial stage, and our product candidate, Iberis® 2nd, is expected to be the first approved multi-electrode RDN product in China, according to Frost & Sullivan.

The diagram below shows the development status and features of the RDN product candidates under development in the China market as of the Latest Practicable Date:

Manufacturer	Bio-heart	Golden Leaf	SyMap
Product Name	Iberis	N/A	SyMapCath
Technology	Radiofrequency	Radiofrequency	Radiofrequency
Electrodes	4	6	1
Catheter Sheath Dimension	6F	8F	8F
Branch Therapy	Y	N	N
Approach	TRI, TFI	TFI	TFI
Clinical Status	RCT ongoing	RCT ongoing	RCT ongoing

Source: Clinicaltrials.gov, literature review, and Frost & Sullivan analysis

In Japan, the RDN product market is also still at an early stage of development, with only three RDN product candidates in the clinical trial stage as of the Latest Practicable Date. The diagram below shows the features of the RDN product candidates under development in the Japan market as of the Latest Practicable Date:

Manufacturer	Medtronic	Terumo/Bio-heart	Otsuka-ReCor
Product Name	Spyral	Iberis	Paradise
Technology	Radiofrequency	Radiofrequency	Ultrasound
Electrodes	4	4	N/A
Catheter Sheath Dimension	6F	6F	7F
Branch Therapy	Y	Y	N
Approach	TFI	TRI, TFI	TFI
Clinical Status	On-med: RCT ongoing Off-med: RCT not yet recruiting	RCT ongoing, trial subject enrollment for SAT initiated	RCT ongoing

Source: Clinicaltrials.gov, literature review, Frost & Sullivan analysis

It is estimated that after the product candidates of the above-mentioned forerunners in the RDN product markets get approved by the NMPA in China and by the relevant Japanese authority, respectively, the size of the RDN product market in both countries will grow rapidly. The size of the RDN product market in China and Japan is expected to reach RMB10.5 billion and US$1.2 billion, respectively, by 2030. It is also expected that first-movers in these markets with advanced product features will capture significant market shares, according to Frost & Sullivan.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET IBERIS® 2ND SUCCESSFULLY.

Iberis® — Our First-Generation RDN System

Iberis® is the first-generation renal denervation system developed by AngioCare. The system delivers high radio frequency energy through the wall of the renal artery to ablate or disrupt the surrounding renal sympathetic nerves. The operation procedure for Iberis® is similar to that of Iberis® 2nd. For details, please refer to the paragraphs headed " — Iberis® 2nd — Our Second-Generation RDN System — Operation Procedure" in this section.

Iberis® obtained CE Marking in March 2013 and was commercialized by AngioCare in collaboration with Terumo in Asia and Europe from 2013 to 2015. For details of our collaboration with Terumo, please refer to the paragraphs headed "— Sales, Distribution and Marketing — Strategic Alliance with Terumo" in this section. According to Frost & Sullivan, submission of clinical trial results is not a prerequisite for companies to obtain a CE Mark for a medical device, and after obtaining CE Mark for a product, the relevant product can be commercially launched in the European Union and in certain countries in Asia. As such, we did not conduct an RCT for Iberis® before its launch in Europe and Asia. The table below summarizes the approvals and registrations that Iberis® has received:

Region	Approval/Registration
Europe (CE Marking)	March 2013
Australia	March 2014
Colombia	September 2014
Costa Rica	May 2015
Egypt	May 2014
Indonesia	July 2014
Saudi Arabia	June 2014
Serbia	July 2014
Taiwan	February 2014
Thailand	June 2016

As of the Latest Practicable Date, no material adverse change had occurred with respect to the marketing approvals and registrations for Iberis®. However, in 2014, Medtronic announced that the results of the clinical trial for Symplicity™ HTN-3, the world's first sham-controlled clinical trial for an RDN product, failed to demonstrate significant difference in blood pressure reduction between the study group and the control group. According to Frost & Sullivan, after such failed clinical trial by Medtronic, the market sentiment towards RDN products became neutral, or even negative. For example, at the time, RDN was no longer covered as a reimbursable treatment method in many government-sponsored medical insurance programs in Europe. As a result, many leading medical device companies with commercialized RDN products or product candidates under development stopped the development and/or commercialization of their products, according to Frost & Sullivan. For further details, please refer to the paragraphs headed "Industry Overview — The Renal Denervation Medical Device Market — Uncontrolled and Resistant Hypertension and Treatment Solutions — Renal Denervation Therapy and its Development History" in this prospectus.

AngioCare ceased the sales of Iberis® in all markets since 2015 after considering, among others, the market conditions and market sentiment towards RDN products at that time, and decided to shift its business focus to the research and development of Iberis® 2nd.

Bio-Leap™ — Below-The-Knee (BTK) BRS System

Bio-Leap™, a BTK BRS system, is our self-developed innovative BRS product candidate used in percutaneous transluminal angioplasty (PTA) for the treatment of lower extremity peripheral artery disease (LEAD). Bio-Leap™ is a class III medical device under the classification criteria of the NMPA.

According to Frost & Sullivan, peripheral artery disease (PAD) is the third leading cause of atherosclerotic vascular morbidity after coronary artery disease and stroke, and there is an increasing prevalence of PAD in China. The prevalence of PAD in China increased from 44.8 million patients in 2015 to 49.5 million patients in 2019 at a CAGR of 2.5%, and is estimated to further increase to 62.3 million patients in 2030 at a CAGR of 2.1% from 2019 to 2030. LEAD accounts for approximately 80% of all PAD cases. BRS is regarded as one of the few most promising treatment solutions for LEAD. Please refer to the paragraphs headed "Industry Overview — Peripheral Artery Disease and Treatment Solutions" in this prospectus for details.

Bio-Leap™ combines BRS technology with a drug coating for the treatment of LEAD. Similar to our Core Product, Bio-Leap™ will include a polymer poly scaffold coated with rapamycin, a controlled drug release system, two radiopaque markers located at both ends of the scaffold, and an advanced delivery system. The stent strut thickness of Bio-Leap™ is expected to be less than 115 μm.

Since both our Core Product and Bio-Leap™ belong to the same BRS product pipeline, we believe that the experience we acquired and the breakthroughs we made in developing our Core Product and other BRS product candidates will provide useful insight for the development of Bio-Leap™. We believe that the sharing of our research and development expertise and results across different BRS product candidates will provide considerable synergistic opportunities contributing to our development of Bio-Leap™. As of the Latest Practicable Date, we had completed the design of Bio-Leap™ and are currently in the process of conducting animal studies for Bio-Leap™. We currently expect to initiate the clinical trials for Bio-Leap™ in 2022 and launch the product in or around 2025.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET BIO-LEAP™ SUCCESSFULLY.

Bioheart Ultra™ — BRS System with an Ultra-Thin Strut

Bioheart Ultra™ is our self-developed second-generation BRS system for the treatment of coronary artery disease featuring an estimated stent strut thickness less than 115 μm. Bioheart Ultra™ is a class III medical device under the classification criteria of the NMPA. Other than the stent strut thickness, Bioheart Ultra™ will have substantially the same structure, function and operation procedure as Bioheart®.

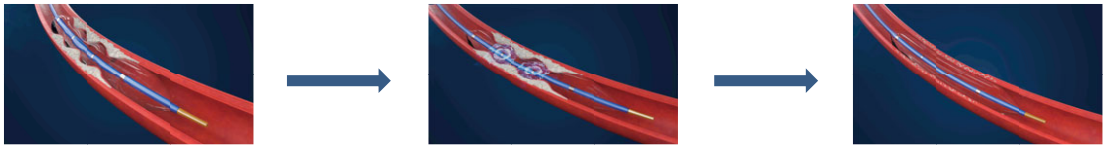
As of the Latest Practicable Date, we had completed the design of Bioheart Ultra™ and are currently in the process of conducting animal studies for Bioheart Ultra™. We currently expect to initiate the clinical trials for Bioheart Ultra™ in 2022 and launch the product in or around 2027.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET BIOHEART ULTRA™ SUCCESSFULLY.

Bioheart® Impulse Balloon Dilatation Catheter Indicated for CAC

Bioheart® impulse balloon dilatation catheter indicated for CAC, a class III medical device, is our self-developed innovative balloon catheter designed to remove calcified plaque in coronary arteries through IVL technology. As of the Latest Practicable Date, only one comparable product candidates, namely the Shockwave IVL System, had entered into clinical trial stage in China, according to Frost & Sullivan. For details of the currently available treatment solutions for CAC, please refer to the section headed "Industry Overview" in this prospectus. Bioheart® impulse balloon dilatation catheter indicated for CAC uses pulse power to instantaneously stimulate energy at the electrodes inside the balloon, generating pulse shock waves at the excitation electrodes.

The structure of Bioheart® impulse balloon dilatation catheter indicated for CAC consists of a rapid-exchange balloon dilatation catheter, designed with two markers inside the balloon indicating the length of the balloon and a pulse stimulation electrode set between the two markers. The electrode is connected to a power generator. During the procedures, the impulse balloon dilatation catheter is advanced to the target lesion and the integrated balloon is inflated with fluid at a low pressure to make contact with the arterial wall. It is then activated through the generator with the touch of a button, creating a small bubble within the balloon which rapidly expands and collapses. The frequency of such expansions and collapses can be adjusted by the physicians. The rapid expansions and collapses of the bubble create sonic shock waves that travel through the vessel, and when the shock energy reaches the calcified part of the vascular tissue, it can break the calcified plaque without harming the soft vascular tissue, allowing the calcified and narrowed vessel to open. The pictures below illustrate the key steps of the operation procedure of Bioheart® impulse balloon dilatation catheter indicated for CAC:



Bioheart® impulse balloon dilatation catheter indicated for CAC is currently in design stage. We currently expect to initiate clinical trials for Bioheart® impulse balloon dilatation catheter indicated for CAC in 2022 and launch it in 2025.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET BIOHEART® IMPULSE BALLOON DILATATION CATHETER INDICATED FOR CAC SUCCESSFULLY.

Bioheart® impulse balloon dilatation catheter indicated for PVC

Bioheart® impulse balloon dilatation catheter indicated for PVC, a class III medical device, is our self-developed innovative balloon catheter designed to remove calcified plaque in peripheral vascular through IVL technology. Bioheart® impulse balloon dilatation catheter indicated for PVC will have substantially the same structure, function and operation procedure as Bioheart® impulse balloon dilatation catheter indicated for CAC. For details, please refer to the paragraphs headed "— Bioheart® impulse balloon dilatation catheter indicated for CAC" above in this section. The key steps of the operation procedure of Bioheart® impulse balloon dilatation catheter indicated for PVC is the same as that of Bioheart® impulse balloon dilatation catheter indicated for CAC.

Bioheart® impulse balloon dilatation catheter indicated for PVC is currently in design stage. We currently expect to initiate clinical trials for Bioheart® impulse balloon dilatation catheter indicated for PVC in 2022 and launch it in or around 2025.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET BIOHEART® IMPULSE BALLOON DILATATION CATHETER INDICATED FOR PVC SUCCESSFULLY.

Bioheart® impulse balloon dilatation catheter indicated for AVC

Bioheart® impulse balloon dilatation catheter indicated for AVC, a class III medical device, is our self-developed innovative balloon catheter designed to remove calcified plaque in aortic valves through IVL technology. Bioheart® impulse balloon dilatation catheter indicated for AVC will have substantially the same structure, function and operation procedure as Bioheart® impulse balloon dilatation catheter indicated for CAC. For details, please refer to the paragraphs headed "— Bioheart® impulse balloon dilatation catheter indicated for CAC" above in this section.

Bioheart® impulse balloon dilatation catheter indicated for AVC is currently in design stage. We currently expect to initiate clinical trials for Bioheart® impulse balloon dilatation catheter indicated for AVC in 2022 and launch it in or around 2027.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET BIOHEART® IMPULSE BALLOON DILATATION CATHETER INDICATED FOR AVC SUCCESSFULLY.

Bioheart® Balloon Dilatation Catheter

Bioheart® balloon dilatation catheter, a class III medical device, is our self-developed product candidate that will be used during a catheterization procedure to enlarge a narrow opening or passage within the patient's body so as to enhance the blood flows through his/her heart muscle. Balloon dilatation catheters are also able to alleviate stenosis in the PCI procedures to ensure the successful deployment of stents.

The structure of Bioheart® balloon dilatation catheter consists of a rapid-exchange balloon dilatation catheter with a dual-lumen coaxial distal end and a balloon attached to the end of the outer lumen, where a guidewire passes through the lumen, allowing the balloon dilatation catheter to travel along the guidewire to reach and traverse the stenotic area of the vessel requiring dilatation. The proximal end of the catheter is connected to the sea-wave tube, which is equipped with a handle for connecting to the inflator.

Bioheart® balloon dilatation catheter is currently in the design stage and since it is exempted from clinical trial requirements in China in accordance with the Catalog of Medical Devices Exempted from Clinical Trials (《免於進行臨床試驗醫療器械目錄》) (the "**Exemption Catalog**") promulgated by the NMPA, as amended, we currently expect to launch it shortly after we conclude its development in 2022.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET BIOHEART® BALLOON DILATATION CATHETER SUCCESSFULLY.

Bioheart® Non-compliant (High-pressure) Balloon Dilatation Catheter

Bioheart® non-compliant (high-pressure) balloon dilatation catheter, a class III medical device, is our self-developed product candidate that will be used for applications in which the balloon needs to expand to a specific diameter and exert high pressure to open a blockage or dilate the vasculature. Non-compliant (high-pressure) balloon dilatation is able to achieve controlled expansion of a balloon with high-pressure capability, which is widely used in PCI procedures following the deployment of stents. After the stent has been deployed in a PCI procedure, to ensure adequate stent expansion and apposition against the arterial wall, the non-compliant (high-pressure) balloon dilatation catheter will be delivered to the stent site and inflated, applying high pressure to the stent and pressing it firmly into the vessel wall during balloon angioplasty.

The structure of Bioheart® non-compliant balloon dilatation catheter consists of a distal dual-chamber co-axial design with an outer lumen for balloon inflation and deflation and an inner lumen for insertion of a guidewire. Two radiopaque markers indicate the length of the cylindrical portion of the balloon (the effective length of the balloon). The balloon is protected by a protective sleeve, and both the balloon and the protective sleeve are kept in factory condition. The balloon provides an expanded segment of known diameter and length at the recommended pressure. The catheter has a pressurized lumen proximal to the catheter and the sea-wave tube is attached to the balloon lumen by a handle.

Bioheart® non-compliant balloon dilatation catheter is currently in the design stage and since it is exempted from clinical trial requirements in China in accordance with the Exemption Catalog, we currently expect to launch it shortly after we conclude its development in 2022.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET BIOHEART® NON-COMPLIANT BALLOON DILATATION CATHETER SUCCESSFULLY.

RESEARCH AND DEVELOPMENT

Our research and development team has been focusing on developing medical devices for the treatment of coronary and peripheral diseases, as well as uncontrolled and resistant hypertension. We have independently developed a number of innovative medical devices and commercialized our first-generation RDN product in multiple regions. As of the Latest Practicable Date, we had:

- one Core Product, one RDN product candidate, as well as seven other product candidates in various stages of development;
- 67 registered patents and 28 pending patent applications; and
- CE Marking and nine registration certificates for our first-generation RDN product commercialized in overseas markets.

We have also published product-related academic literatures in various international leading reputable journals such as Eurointervention: Journal of EuroPCR in Collaboration with the Working Group on Interventional Cardiology of the European Society of Cardiology, Circulation: Cardiovascular Interventions, Journal of Advanced Therapies and Medical Innovation Sciences, Journal of the Mechanical Behavior of Biomedical Materials, and Journal of Hypertension.

In 2019, 2020, and the six months ended June 30, 2020 and 2021, we incurred research and development expenses of RMB21.5 million, RMB245.7 million, RMB12.1 million and RMB120.5 million, respectively. Our research and development expenses for 2020 and the six months ended June 30, 2021 primarily consisted of share based compensation. For details, please refer to the paragraphs headed "Financial Information — Description of Selected Components of Consolidated Statements of Comprehensive Loss — Research and Development Expenses" in this prospectus. Such research and development expenses did not include AngioCare's research and development expenses in 2019 and for the period from January 1, 2020 to September 21, 2020. For more details of our research and development expenses, please refer to the paragraphs headed "Financial Information — Description of Selected Components of Consolidated Statements of Comprehensive Loss — Research and Development Expenses" and "Financial Information of AngioCare — Research and Development Expenses" in this prospectus. We intend to expand and improve our product portfolio by strengthening our research and development of new products, extending our product lines and improving our existing products. Although we believe that we are able to comply with the regulatory review process efficiently and introduce new products in a timely manner, the time required from developing to commercializing a new product may be affected by factors beyond our control, such as clinical trial results and government approvals.

Our Research and Development Team

Our research and development team possesses rich industry experience and global exposure. Our research and development team consisted of a total of 28 employees, approximately 21.4% of whom possessed a master's degree or above and approximately 46.4% of whom possessed a bachelor's degree or above, amongst which a vast majority is in engineering- or chemistry-related principal. All of our in-house research and development team members were based in our headquarters in Shanghai, China, as of the Latest Practicable Date. Our research and development team is led by Mr. Wang, our founder, Chairman of the Board and Chief Executive Officer, Mr. Tao Cai, our supervisor and head of technology of our BRS product pipeline, Mr. Chenzhao Zhang, our supervisor and head of technology of our RDN product pipeline, and Dr. Bradley Stewart Hubbard, our chief medical officer. Mr. Wang has over 24 years of experience in the interventional cardiovascular medical device industry. He is also an expert in materials science and currently serves as a Ph.D. supervisor at Fudan University in materials science. He is primarily in charge of our BRS and RDN product pipelines, and is an inventor of many of our material patents. Mr. Cai is an expert in polymer and 3D printing and has over eight years of experience in the medical industry. He is primarily responsible for the research and development of our BRS product pipeline, including Bioheart®, our Core Product, Bio-Leap™ and Bioheart Ultra™. Mr. Zhang is a catheter expert and has over ten years of experience in the medical industry. He is primarily responsible for the research and development of our BRS product pipeline, as well as our Bioheart® impulse balloon dilatation products. Dr. Hubbard, our chief medical officer, has a doctoral degree in veterinary medicine and more than 20 years of experience in clinical research and development in the medical device sector. Please refer to the section headed "Directors, Supervisors and Senior Management" in this prospectus for their biographies. Other key members of our research and development team include, among others, Mr. Junyi Wang, who has eight years of experience in the medical device industry, and has served as our research and development manager since 2016. He is an inventor of Bioheart® and is primarily responsible for the research and development of our BRS products and the relevant project management. Our research and development team consists of industry veterans who possess academic and professional competence, having previously worked in managerial positions at local, multinational and leading industry players complementary to our business.

We have entered into legally-binding confidentiality and non-compete agreements with our key employees and employees involved in our research and development activities, pursuant to which any intellectual property conceived and developed during their employment belongs to us and they waive all relevant rights or claims to such intellectual property.

Product Development

Our research and development process typically involves the following steps:

- *Project proposal and approval*: Our sales and marketing teams collect market information and coordinate with principal investigators, KOLs and physicians to keep our research and development team well informed of market demands of physicians and patients. A new product proposal is analyzed by multiple functional teams before approval. Notably, our research and development team conducts economic and feasibility analysis, with costs, product functions and market potential taken into consideration.

- *Project approval*: After a project has passed all internal assessments, representatives from our research and development, procurement, quality control and regulatory, product registration, production and management teams collectively review the project proposal and determine whether the project should proceed and also set a detailed project timetable. The research and development team shares their studies on project feasibility. The procurement team assists with determining raw material requirements. The quality control and regulatory team helps ensure that the product design complies with all applicable laws and regulations. The production team then produces and modifies product samples. Based on feedback from our functional teams, our management will then determine whether a project should proceed.

- *Design and development*: Our new medical device product design and development are guided by our internal control protocol prepared with reference to the risk management standards under ISO 14971:2007. For details, please refer to the paragraphs headed "Quality Control" in this section.

- *Pre-clinical animal studies*: We work with third-party animal labs, including Synchrony Labs LLC, Gateway Medical Innovation Center and Xidian Kechuang (Chengdu) Biotechnology Co., Ltd. (西點科創(成都)生物科技有限公司) to conduct animal studies. Under the agreements with the animal labs, the labs provide space, facilities, equipment and animals. If the procedures are routine and do not require special expertise, the labs may provide regular veterinarians to perform the tests. We provide engineers and arrange senior veterinarians to perform more complex procedures. Pursuant to the agreements, the labs must maintain strict confidentiality. We own all the data, results and intellectual property rights developed from the animal tests. We can terminate the agreements with prior written notice to the labs. Based on the animal study results, we will then confirm our product design or make improvements to its safety and efficacy.

- *Type testing and clinical trial*: We conduct clinical trials to collect data for measuring the clinical efficacy and safety of products before applying for government approvals. We meet GCP and ICH-GCP standards for all clinical results and practices. Following a type testing evaluation and/or animal studies of our new products in a government-approved testing lab (as the case may be), the research and development team selects qualified clinical trial institutions to carry out clinical trials on human subjects. For details of our collaboration with clinical trial institutions, please refer to the paragraphs headed "— Collaboration with Clinical Trial Institutions" in this section. We first prepare a clinical trial protocol plan that describes in detail the clinical trial's purpose, design, timeline, methods, procedures and risks. We then meet with clinical trial institutions to discuss the clinical trial protocol plan. Following such a meeting, we prepare and send a proposal to the ethics committee of each participating clinical trial institution including our clinical trial protocol plan, patient consent forms, investigator report forms and agreements with the participating clinical trial institution. During the clinical trial, our research and development team monitors trial progress and patient reactions pursuant to clinical trial protocols. We also involve experienced CROs and SMOs for compliance purposes during the clinical trials.

For the overview of our product and product candidates, please refer to the paragraphs headed "— Our Products and Product Candidates" in this section.

Regulatory Bodies' Guidance Relating to Medical Device Clinical Trials and Communication with Competent Authorities

BRS Products

Regulations

Specifically in the BRS products domain, in April 2015, the NMPA promulgated the Evaluation Principles for Clinical Trials of Bioresorbable Coronary Drug-Eluting Stents (《全降解冠狀動脈藥物洗脫支架臨床試驗審評要點》) (the "**2015 Guidance**"). Pursuant to the 2015 Guidance, a medical device company with a BRS product candidate is required to first conduct a feasibility clinical trial (with no less than 30 trial subjects, and at least a six-month follow-up), to initially demonstrate the safety of the BRS product implanted, it can then conduct the confirmatory clinical trial to confirm the safety and efficacy of such product.

In March 2019, the NMPA promulgated the Guidelines for Clinical Trials of Bioresorbable Coronary Drug-Eluting Stents (《生物可吸收冠狀動脈藥物洗脫支架臨床試驗指導原則》) (the "**2019 Guidance**") adopting a similar framework as the 2015 Guidance and setting out the guidance for the clinical trials of BRS products in further detail (collectively with the 2015 Guidance, the "**BRS Clinical Trial Guidelines**"). In accordance with the BRS Clinical Trial Guidelines, the confirmatory clinical trial shall consist of two stages: a randomized controlled clinical trial (RCT) and a single-arm clinical trial (SAT). A medical device company with a BRS product candidate must submit its 36-month follow-up results for the subjects enrolled in the RCT to the NMPA for its approval before commercializing the product in China.

The chart below summarizes certain key principles for the BRS product clinical trials set forth in the 2015 Guidance and the 2019 Guidance:

Stage	Number of Trial Subjects	Post-procedure Follow-up Period	Safety/Efficacy Indicators
Feasibility	No less than 30	No less than six months	The 2015 Guidance: major adverse cardiac events at 30 days and 180 days after the procedures; in-segment late loss at no less than six months after the procedures The 2019 Guidance: target lesion failure (TLF) at 30 days and 180 days after the procedures; device oriented composite endpoint (DOCE); in-segment late loss at no less than six months after the procedures

Stage	Number of Trial Subjects	Post-procedure Follow-up Period	Safety/Efficacy Indicators
Confirmatory (RCT)	No less than 200	In line with the commercialized products used in the control group	In-segment late loss at no less than twelve months after the procedures
Confirmatory (SAT)	The 2015 Guidance: no less than 800, part of which may be from the RCT The 2019 Guidance: no less than 1,000, part of which may be from the RCT	No less than twelve months	Target lesion failure (TLF) at no less than twelve months after the procedures

Communication with Competent Authorities

According to the *Notice of Publication of the List of Class III Medical Devices Requiring Clinical Trial Approval (No.14, 2014)* (《關於發佈需進行臨床試驗審批的第三類醫療器械目錄的通告》(2014年第14號)) that were promulgated by the NMPA in 2014 and were effective when we initiated the clinical trials for our Core Product, Bioheart®, we were required to obtain the NMPA's approval before conducting clinical trials for the product. In July 2016, we were approved by the NMPA to conduct a single-center feasibility clinical trial for Bioheart®. The feasibility clinical trial is a clinical trial conducted on human subjects. Further, each of the 2015 Guidance and the 2019 Guidance expressly stipulates that the feasibility clinical trial and the confirmatory clinical trial are two standalone trials as required by the NMPA for product registration. In August 2016, August 2017 and March 2020, we completed the filings with the Shanghai Medical Products Administration (the "**Shanghai MPA**") with respect to the feasibility clinical trial, the RCT and the SAT for Bioheart®, respectively. As advised by our PRC Legal Adviser, both the NMPA and the Shanghai MPA have the authority to supervise the clinical trials conducted by our Company, and has the authority to require us to suspend or terminate the clinical trials we are conducting at any time. As of the Latest Practicable Date, neither the NMPA nor the Shanghai MPA expressed any objection for the conduct of the confirmatory clinical trial for Bioheart®. As further advised by our PRC Legal Adviser, we are not required to actively reach out to the NMPA or its local branches to seek confirmation or "no objection" to proceed with the confirmatory clinical trial. Our PRC Legal Adviser reached this conclusion after, among others, (i) reviewing and analyzing the requirements expressly set forth under all the laws, regulations and rules applicable to the clinical trials for Bioheart®; (ii) reviewing and analyzing the requirements set forth in the protocol of the clinical trials for Bioheart®; (iii) reviewing the approvals issued by the NMPA and/or its predecessor with respect to the feasibility clinical trial for Bioheart®, and the filings made by our Company with the Shanghai MPA and/or its predecessor with respect to each of the clinical trials for Bioheart®; (iv) reviewing the material correspondence between our Company, the NMPA and the Shanghai MPA (and/or their respective predecessor) with respect to such clinical trials; and (v) discussing with industry experts (including but not limited to the industry consultant engaged by us) to understand the general practice adopted by the NMPA and its local branches

with respect to the conduct of clinical trials by the applicants, as well as the applications made, and the approvals obtained, by our peer companies when they conducted clinical trials for their respective earlier generation BRS products. In December 2020, we conducted a telephone interview with an officer at the Shanghai MPA, who also confirmed that so long as the relevant clinical trials were conducted in accordance with applicable laws and regulations, the Shanghai MPA typically would not object to the conduct of such clinical trials, and if the prior approved protocol of the clinical trial does not so require, it is not necessary for our Company to separately obtain a formal approval letter or "no objection" letter from the NMPA or the Shanghai MPA before proceeding with the confirmatory clinical trials. Bioheart® as a Class III medical device is subject to the registration with the NMPA and the application for registration will be made by us directly to the NMPA. However, we are of the view that, based on factors set out below, Shanghi MPA is an appropriate regulatory agency for Bioheart®'s clinical trials including the feasibility clinical trial, the RCT and the SAT, and has the authority to interpret the relevant regulations and provide the relevant confirmations as set out above:

(i). according to *Medical Device Registration Administration Measures* (醫療器械註冊管理辦法), Shanghai MPA, as the provincial level governing body, is responsible for the supervision and administration of medical device registrations and filings within Shanghai, the organization and implementation of supervisory inspections and the reporting of relevant facts to the NMPA;

(ii). according to *Norms on the Quality Management for Clinical Trials of Medical Devices* (醫療器械臨床試驗質量管理規範), Shanghai MPA is responsible for the supervision and administration of clinical trials of medical devices in Shanghai;

(iii). Shanghai MPA, by way of being the local counterpart of the NMPA and discharging its regulatory obligations as set out in (i) and (ii) above, has the requisite knowledge and expertise on the regulatory position of the NMPA regarding the registration of medical devices;

(iv). Shanghai MPA is the direct supervising government authority of our Company and a main communication channel for us to seek regulatory guidance;

(v). Bioheart® was recognized as an "innovative medical device" by the NMPA in February 2017 and is therefore eligible for an expedited approval process and subject to one-on-one tutoring by Shanghi MPA regarding its clinical development; and as confirmed by our PRC Legal Adviser, Shanghai MPA is an appropriate regulatory agency for Bioheart®'s clinical trials including both the feasibility clinical trial, the RCT and the SAT, and has the authority to provide the relevant confirmations.

Despite the fact that for Class III medical devices, the registration certificates and marketing approvals are issued by the NMPA, the provincial counterparts of the NMPA (including the Shanghai MPA) are also competent authorities having the authority to interpret, and to supervise the application and enforcement of, the relevant regulations promulgated by the NMPA.

As required by applicable laws and regulations, we have also provided the Shanghai MPA and other local authorities of the NMPA (depending on the location of our clinical trial centers) with the updates as to the progress of the clinical trials for Bioheart®, by promptly submitting reports of severe adverse events from time to time. As of the Latest Practicable Date, the NMPA and its local authorities had not raised any objection to the continued conduct of the confirmatory clinical trial for Bioheart®.

As advised by our PRC Legal Adviser, (i) we have obtained all the necessary approvals from, and have made all the necessary filings with, competent authorities for conducting the clinical trials for Bioheart® in China, (ii) the feasibility clinical trial forms a key part of the application required by the NMPA, and (iii) each of our single-center feasibility clinical trial and multi-center confirmatory clinical trial for Bioheart® was conducted in accordance with applicable laws and regulations. For details of the clinical trials of Bioheart®, please refer to the paragraphs headed "Bioheart® — Our Core Product — Summary of Clinical Trials" in this section.

RDN Products

Clinical trials in China

As of the Latest Practicable Date, there were no rules or guidance in China which specifically regulate the clinical trials for RDN product candidates. General PRC laws and regulations relating to medical devices are applicable to our RDN product candidate, Iberis® 2nd. For details, please refer to the section headed "Regulatory Overview" in this prospectus. As advised by our PRC Legal Adviser, we have obtained all the necessary approvals from, and have made all the necessary filings with, competent authorities for conducting the RCT for Iberis® 2nd in China, and the RCT for Iberis® 2nd was conducted in accordance with applicable laws and regulations. We have completed all the necessary filings with the Shanghai MPA with respect to the conduct of the RCT for Iberis® 2nd. As advised by our PRC Legal Adviser, (i) before conducting the RCT, we are not required to obtain prior approvals from the NMPA, but are only required to complete the necessary filings with the local branches of the NMPA in relation to the conduct of the RCT, and (ii) the Shanghai MPA is a competent authority supervising the clinical trials conducted by our Company. In addition, during the process of the RCT for Iberis® 2nd, we have provided the Shanghai MPA and other local branches of the NMPA (depending on the locations of the clinical trial institutions involved in the RCT) with the necessary updates as to the progress of the RCT (for example, by promptly submitting reports of severe adverse events encountered during the RCT from time to time). As of the Latest Practicable Date, the NMPA (and/or its local branches) had not raised any objection to the continued conduct of the RCT for Iberis® 2nd.

Clinical trials in Japan

We conduct clinical trials for Iberis® 2nd in Japan in collaboration with Terumo. As of the Latest Practicable Date, we had completed the FIM for Iberis® 2nd in Japan and plan to initiate the RCT (also known as the "pivotal clinical trial") in 2022. As of the Latest Practicable Date, we had not received any objection to the initiation of the pivotal clinical trial from the competent authorities in Japan. For details of the clinical trials for Iberis® 2nd, please refer to the paragraphs headed "Iberis® 2nd — Our Second-Generation RDN System — Summary of Clinical Trials" in this section.

Collaboration with Clinical Trial Institutions

The NMPA maintains a catalog of hospitals that it has approved as clinical trial centers, from which we select a number of leading hospitals to conduct our clinical trials. The factors we commonly consider when selecting such institutions include their credentials, expertise, technology, equipment and patient demographics. Before selecting institutions, we meet with physicians at potential candidate hospitals to discuss the purpose and requirements of our clinical trials. For each clinical trial, we and the institution generally enter into a new agreement setting out the clinical trial's purpose, timeline, procedures, methods and risks. Then, we work together with the principal investigators for the trial to design a clinical trial protocol for submission to the clinical trial institution's ethics committee. The clinical trials must be conducted in accordance with the protocol approved by the ethics committee. The ethics committee must reevaluate and approve any amendments to the protocol.

We cooperate with prestigious Class III hospitals in China to conduct our clinical trials. For the clinical trials for Bioheart®, we cooperated with 22 hospitals, including Beijing Fuwai Hospital, Beijing Anzhen Hospital and Sir Run Run Shaw Hospital, among others. For the clinical trials for Iberis® 2nd, we cooperated with 18 hospitals, including Beijing Fuwai Hospital and Shanghai Ruijin Hospital, among others.

Pursuant to the legally-binding agreements with these participating clinical trial institutions, the institutions are required to conduct the clinical trials strictly in accordance with the protocol, to collect data, and to issue case reports at the end of each clinical trial. The lead clinical trial institution will prepare formal reports based on the case reports submitted by all participating institutions. In return for the institutions' services, we make scheduled payments as agreed in the agreements. Under the agreements, all the intellectual property rights in relation to the clinical trial are generally owned by us, but the participating institutions may publish or otherwise use the clinical trial results for academic activities with our prior approval.

Relationships with CROs and SMOs

We collaborate with experienced domestic CROs and SMOs for the support of our clinical trials. When selecting CROs and SMOs, we consider a number of factors, including service quality, capability, reputation, cost-effectiveness and research experience in interventional cardiovascular therapy. For each new clinical trial, we generally enter into an agreement with the CRO or SMO with a detailed scope of work for each trial, establishing specific and detailed metrics on working methods, procedures, standards and timelines to further ensure the quality of the outcomes. The CROs and SMOs must comply with all applicable laws and regulations as well as follow our protocols to ensure that all clinical trial results are accurate and authentic.

During the Track Record Period, we engaged two industry-renowned CROs, namely CCRF (Beijing) Inc. (永銘誠道(北京)醫學科技股份有限公司) and JetMed (Beijing) Co., Ltd. (傑諾醫學研究(北京)有限公司) to provide certain services in the clinical trials for Bioheart® and Iberis® 2nd in China, respectively, including preparing ethical committee application at each hospital, assisting in revising the study protocol and design, managing and monitoring the implementation of clinical trials, collecting and keeping records of patients' information and providing progress or summary reports. We also engaged four SMOs, such as

Beijing Kanstar Health Management Co., Ltd. (北京康斯達健康管理有限公司), to assist researchers to complete certain supporting duties in relation to the above clinical trials, including collecting source data and scheduling patient' follow-up evaluations, among others. Each of our CROs and SMOs during the Track Record Period was an Independent Third Party, except that CCRF (Beijing) Inc. was held as to 54% of its equity interest by Mr. Zhu, who currently owns 2.68% of our Shares but used to own up to 5.2754% of our Shares during the Track Record Period. For details, please refer to the paragraphs headed "— Our Suppliers and Raw Materials" in this prospectus.

We established relationships with our CROs and SMOs during the ordinary course of our business and our collaborations are under arm's length commercial terms in line with industry practice. Under the legally-binding agreements with our CROs or SMOs, we are responsible for the trial preparation, subject enrollment, trial implementation and management, while the CRO or SMO takes responsibility for record keeping and report preparation to guarantee the compliance of the clinical trial process with applicable regulations and standards. In return for their services, we make scheduled payments as agreed in the agreements. Our CROs and SMOs may further assist us in trial preparation and management pursuant to our particular request, for which extra fees will be incurred. Under the agreements, we generally own all intellectual property and trial results and the CROs must maintain strict confidentiality with respect to the information they obtained from us during clinical trials.

The service fees we paid to our CROs and SMOs during the Track Record Period were determined on a case-by-case basis in light of the service scope and the scale of the relevant clinical trials, among others. Such service fees decreased from 2019 to 2020, primarily because we paid a large amount of service fees to our CRO in 2019 for conducting the RCT and SA for Bioheart®. Please refer to the paragraph headed "— Our Products and Product Candidates" in this section for details. Such services fees also constituted an important part of our research and development expenses incurred during the Track Record Period. Please refer to the section headed "Financial Information" in this prospectus for details.

Relationship with Principal Investigators and KOLs

In addition to our collaboration with clinical trial institutions, CROs and SMOs, we also maintain continuous communications with leading principal investigators, KOLs, physicians and hospitals, who are informed of our latest research and development progress. The principal investigators we work with, including Dr. Runlin Gao, one of the pioneers of interventional cardiology in China and the former Chairman of the National Expert Commission for Cardiovascular Diseases (國家心血管病專家委員會), Dr. Guosheng Fu, one of the promoters of coronary intervention via the radial artery approach and a member of several reputable expert institutes such as the Chinese Society of Cardiology (中華醫學會心血管病學分會), and Dr. Shubin Qiao, who has over 30 years of experience in cardiology and completed over a thousand cases of coronary angioplasty and stent implantation, not only provide us with important feedback on clinical needs but also present the clinical use of our products in academic settings, which we believe can invite wider discussion of our products and product candidates and in turn contribute to our research and development efforts. Our Directors confirmed that, the principal investigators above were all independent to our Company, our Directors and our Pre-IPO Investors, and had not been awarded any of our shares as of the Latest Practicable Date. Furthermore, we host meetings for key participants in our industry with respect to our research and development efforts and product pipeline. We

have presented our products in industry conferences, where we keep industry participants updated of our latest research and development progress.

OUR PRODUCTION FACILITIES AND PROCESSES

Currently our in-house production is limited to producing, assembling and testing sample products under development for the purpose of pre-clinical studies, clinical trials and product registration. We plan the production of such products primarily based on the number of subjects enrolled in and the progress of their respective clinical trials. Our production capacity for our BRS products and RDN products is approximately 46,800 units and approximately 20,000 units per year, based on the assumption that it takes six and 20 employees eight hours per day and 260 days per year working on the production of our BRS and RDN products, respectively. With the potential launches of our product candidates in the near future and further product launches expected from our pipeline, we intend to primarily utilize our in-house manufacturing capabilities to secure supply of our products at their early stage of commercialization. If our in-house manufacturing capabilities are not sufficient to secure product supply as business need arises in the future, we may consider to adopt a hybrid manufacturing model that employs CMO outsourcing. The manufacturing of medical devices is subject to various regulations and requirements. For example, implantable medical devices with high risks like our BRS product candidates are prohibited from outsourcing by external subcontractors pursuant to the *Regulations on Supervision and Administration of Medical Devices (2021 Revision)* (《醫療器械監督管理條例(2021修訂)》) and the *Prohibited Catalog of Entrusted Production of Medical Devices* (《禁止委託生產醫療器械目錄》) (and its proposed amendments). In case we seek CMO outsourcing for the manufacturing of certain of our products in the future, we will strictly comply with the applicable laws and regulations for the manufacturing and commissioned production of medical devices. Currently our production activities are limited to producing sample products for research and development and for use in clinical trials, and our in-house production capacity is sufficient to serve such purposes. In preparation for the launch of our pipeline products and with an aim to capture the growing market demand to the extent possible, we plan to build our own in-house manufacturing facility at commercial scale in the Pudong New Area of Shanghai, China, covering an area of approximately 1,500 sq.m. The initial phase of our in-house manufacturing facility is designed with the maximum capacity of producing approximately 280,000 units of BRS products and 90,000 units of RDN products per year. The construction of the initial phase commenced in April 2021, and was substantially completed as of the Latest Practicable Date. We expect to enter into the second phase of the construction in August and complete the construction by the end of December of the same year. We estimate that the costs for construction of the manufacturing facility and purchases of the relevant new equipment and machineries will be approximately RMB150 million, and expect to fund for the manufacturing facility with a portion of the proceeds from the Global Offering as well as our cash and cash equivalents on hand. We have entered into a property lease agreement for the manufacturing facility on December 10, 2020, with a lease term from December 22, 2020 to February 21, 2026. For more details, please refer to the paragraphs headed "— Properties — Leased Properties" in this section. During the Track Record Period, we did not engage any CMOs. We only plan to outsource the manufacturing of certain parts of our products that is labor-intensive and has no material challenges in technology to CMOs when our in-house manufacturing capabilities are unable to fully secure product supply as market demands grow in the future. To this end, qualified CMOs are readily available in the market according to Frost & Sullivan, and therefore we believe that there would not be any difficulties in engaging

CMOs when our business need arises in the future. When selecting CMOs in the future, we will consider a number of factors, including their qualification, expertise, experience and reputation.

Production Facilities

Our production facilities are located at our leased properties at the Zhangjiang Hi-Tech Park in the Pudong district of Shanghai, China. For more details of our properties, please refer to the paragraphs headed "Properties" in this section. As of the Latest Practicable Date, we had a team of 14 employees dedicated to the production of our products.

The machines we own and use for producing our BRS products mainly include femtosecond laser cutting machines, developer spot pressing machines, drug spraying machines, ultra-precise weighing balances, etc. The machines we own and use for producing our RDN products mainly include femtosecond laser cutting machines, heat treatment furnaces, ultrasonic cleaners and welding machines, etc. As of the Latest Practicable Date, we own all of our machines and the average age and lifetime of these machines was no less than five years. For details of the depreciation method of our machines, please refer to Note 2.3 of the Accountants' Report in Appendix IA to this prospectus. We generally replace or upgrade our machines at the end of their lifetimes. We have multiple machinery suppliers so we are not dependent on any one supplier. Since we maintain our machines on a regular basis, we have not experienced any material or prolonged interruptions due to equipment or machinery failure as of the Latest Practicable Date.

Production Process for BRS Product Candidates

The production process for BRS product candidates typically involves the following steps:

- Cutting: We laser engrave PLA tubing into a strut shape by using a femtosecond laser cutting machine.

- Press-fitting of Radiopaque Markers: We press-fit radiopaque markers on both ends of the strut substrates by using a developing spot press-fitting device.

- Drug-coating: We apply drug-coating by way of ultrasonic spray to the surface of the struts.

- Pressing of Stent: We pre-assemble the sprayed stent struts to the delivery system under controlled conditions of temperature, pressure and diameter.

- Packaging and Sterilization: We package the medical devices and transport the packaged medical devices to third party sterilization service providers for professional sterilization.

Production Process for RDN Product Candidates

The production process for RDN product candidates typically involves the following steps:

- Cutting: We use a femtosecond laser to spiral cut thin nickel-titanium tubes at different pitches and thread angles to vary the hardness of the tubes.

- Molding: We use a heat treatment furnace to temperature-set the cut nickel-titanium tubes, so that the tubes possess the function of large spiral memory.

- Welding: We assemble the electrodes and wires by soldering.

- Assembling: We assemble the outer and inner layers of the catheters and the wires running through the catheters by gluing them together.

- Packaging and Sterilization: We package the medical devices and transport the packaged medical devices to third party sterilization service providers for professional sterilization.

All the steps in our production process are conducted in compliance with the applicable ISO 13485:2016 certification requirements and YYT 0287-2017 standards. We have implemented quality management systems as part of our manufacturing processes. For more details, please refer to the paragraphs headed "Quality Control" in this section.

We typically conduct each of the above steps in-house, except that we engage third party sterilization service providers for the sterilization step. We select the third party sterilization service providers based on their qualifications and sterilization ability, and we only enter into an agreement with service providers that meet our standards.

PRODUCT WARRANTY, RETURN, RECALL AND EXCHANGES

During the Track Record Period and up to the Latest Practicable Date, we did not have any commercialized products. For the commercialized product of AngioCare, namely Iberis®, the sales of which had ceased in 2015 . We would be liable as required by law if the competent regulatory authorities find that our commercialized products were defective. During the period when Iberis® was sold and up to the Latest Practicable Date, we were not aware of any such finding. For our product candidates that have not been commercialized yet, during the Track Record Period and up to the Latest Practicable Date, we had not experienced any material complaint or product return from subjects enrolled in our clinical trials or hospitals where we conducted our clinical trials.

SALES, DISTRIBUTION AND MARKETING

Our Sales and Marketing Team

During the Track Record Period and up to the Latest Practicable Date, we had no commercialized product, and therefore currently have no team dedicated to sales and marketing. In China, the major target market for our Core Product, we are in the process of building an in-house sales and marketing team. We expect our sales and marketing team to cover a majority of the provinces and municipalities in China and to support the launch of our Core Product and further develop into a full-fledged team as we grow in anticipation of further product launches expected from our pipeline. We plan to hire teams of sales and marketing and other supporting functions personnel, and begin developing our sales and marketing strategy, with an initial focus on launching our Core Product in China.

Our Marketing Model

Currently, our major form of marketing activities of our products under development is academic promotion, by which we are dedicated to growing our brand recognition and establish collaboration with leading principal investigators, KOLs, physicians and hospitals in China. We regularly meet with KOLs to discuss our Bioheart® and Iberis® 2nd, conduct product demonstrations and provide training to physicians. We believe that through such frequent communications, demonstrations and training, we are able to 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. Furthermore, we host meetings for key participants in our industry with respect to our research and development efforts and product pipeline. We have also taken an active role in sponsoring key industry conferences, such as the 2018 Coronary Multidisciplinary & Interventional Therapeutics (冠心病學科交叉暨介入治療大會) held at Beijing Anzhen Hospital of Capital Medical University.

Our Sales and Distribution Arrangements

During the Track Record Period and up to the Latest Practicable Date, we had no commercialized product, and therefore had no sales revenue, either directly or from distributors. In China, we are in the process of formulating our sales and distribution plan in anticipation of potential launches of our Core Product and other product candidates in around two years. With respect to our RDN products and product candidates, we had entered into a series of agreements with Terumo in November 2012 (as amended in September 2014) as part of our strategic alliance with Terumo. Please refer to the paragraphs headed "— Strategic Alliance with Terumo" below for details. With respect to our BRS and other product candidates, we had not entered into any sales or distribution arrangements as of the Latest Practicable Date.

Strategic Alliance with Terumo

Terumo is a company listed on the Tokyo Stock Exchange (stock code: 4543) with extensive business portfolios ranging from vascular intervention and cardio-surgical solutions, blood transfusion and cell therapy technology, to medical products essential for daily clinical practice. Leveraging on Terumo's well-established product distribution network globally, we believe our strategic alliance will enhance our brand recognition and promote the sales of our RDN product candidates once launched.

In November 2012, AngioCare, which became our subsidiary in September 2020, formed a strategic alliance with Terumo and entered into a series of agreements (the "**2012 Agreements**") with Terumo, pursuant to which Terumo invested in AngioCare, and acquired the exclusive distribution rights for AngioCare's RDN products in the global market. In September 2014, the parties entered into another agreement (the "**2014 Agreement**") to amend a few terms of the 2012 Agreements. We maintained the strategic alliance with Terumo after our acquisition of AngioCare. The foregoing agreements between Terumo and us became effective since January 8, 2013, and are effective for 30 years unless terminated in advance pursuant to the terms of the relevant agreements. Salient terms of the 2012 Agreements and the 2014 Agreement are set out below:

Capital Increase of AngioCare:	Terumo subscribed to AngioCare's capital increases in 2012 and 2014, respectively and became a shareholder of AngioCare. Please refer to the section headed "History, Development and Corporate Structure" in this prospectus for details.
Product development and obtaining regulatory approvals:	• Terumo agreed to pay AngioCare a total amount of approximately RMB88.8 million in installments for the development of, and obtaining of regulatory approvals for, the 1st and 2nd generation (including type A and type B[(Note)]) RDN products (collectively, the "**Products**"), with approximately RMB67.4 million to be paid up in three installments for the research and development of the 1st generation RDN product based on its development progress, and approximately RMB21.4 million to be paid up in six installments for the research and development of the 2nd generation RDN product (with the first four installments to be paid up prior to May 31, 2015, the fifth installment to be paid up within 30 days since the date when AngioCare obtained the CE Marking for the 2nd generation RDN product, and the sixth installment within 30 days since the initiation of the trial subject enrollment of the clinical trial for the 2nd generation RDN product). The last installment of the total amount of RMB88.8 million was settled by Terumo on November 23, 2017. • AngioCare is responsible for the design, development and clinical trials of the Products, except that Terumo is responsible for designing the catheter of the 2nd generation type B product.

Note: The major difference between the two types of product is that type B product had a sheath (which did not exist in type A product) covering the catheter of the RDN system under development.

IP arrangements:

- All IP rights arising from the development of the Products should be jointly owned by AngioCare and Terumo, except that the relevant IP rights arising from Terumo's design of the catheter for the 2nd generation type B product should be solely owned by Terumo.

- As long as Terumo is a shareholder of AngioCare, AngioCare should have exclusive rights to use the IPs co-owned by AngioCare and Terumo and enjoy all economic benefits arising therefrom in China. In countries and areas other than China, subject to certain non-compete undertakings, both AngioCare and Terumo should be free to exercise the co-owned IP rights and receive economic benefits arising therefrom.

Sales Arrangements:

- Geographic and exclusivity: Terumo (or any third party designated by it) has exclusive rights to distribute the Products in the global market, subject to the following conditions:

  - in China, AngioCare has the rights to distribute the Products to third parties if Terumo fails to achieve the sales target as described below;

  - in any region other than China, Terumo should have exclusive distribution rights for the Products unless it (a) waives such rights in writing, (b) fails to assist AngioCare in obtaining the necessary approvals for selling the Products in an overseas market within three months after the directors of AngioCare have decided to enter the market, or (c) fails to enter into any sales agreement for the Products within six months after receiving the relevant approvals;

- Sales target: at least 30,000 units per year for five years after the relevant Product is included in the medical device bidding list issued by the relevant regulatory authorities in China. The sales of the 2nd generation type B product is not subject to such target;

- Pricing policies: In China, AngioCare should sell the Products to Terumo at a price determined in accordance with the following formula:

  Selling price of the Products to Terumo = 30% x Public tender price of the Products in Beijing*, subject to a 10% adjustment as separately agreed upon by AngioCare and Terumo on a case-by-case basis, considering a number of factors

  Note:

  * Such price is determined during public tender processes organized by government agencies or the relevant hospitals in Beijing.

- Payment and credit terms: AngioCare agreed issue an invoice to Terumo within five business days after the shipment of the Products to Terumo, and Terumo agreed to make the payment to AngioCare within 90 days from the date of receiving the invoice by remittance to the bank account designated by AngioCare.

Our principal product candidate, Iberis® 2nd, is referred to as the second generation type A RDN product in the above agreements. As confirmed by Terumo, it had ceased the development of the second generation type B RDN product as referred in the above agreements, and as of the Latest Practicable Date, it did not have any plan to resume the development of such product. As of the Latest Practicable Date, Terumo had fulfilled its payment obligations under the above agreements, and the cessation of the 2nd generation type B product did not affect the fulfillment of Terumo's payment obligations. As of the Latest Practicable Date, we had not entered into any sales or distribution arrangements other than those disclosed above with respect to Iberis® 2nd.

Pricing

During the Track Record Period and up to the Latest Practicable Date, we had no products on market in China and overseas. We have not formulated any definitive pricing policy for our product candidates yet. When our product candidates progress to commercialization in the future, we will determine their prices based on various factors such as our products' advantages, our costs, prices of competing products, and differences in features between our products and competing products. For our Core Product, Bioheart® and principal product candidate, Iberis® 2nd, which are expected to be launched in China in 2023, we intend to determine the pricing with reference to comparable products from major market players (if any) in China. The pricing in overseas markets may vary according to the specific conditions in each territory including, among other things, the pricing of multinational competitors in the same market. We currently plan to set the retail price of Bioheart®, upon commercialization, within the range of RMB30,000 to RMB40,000 per unit.

As of the Latest Practicable Date, there was no guidance price set by the relevant PRC government authorities in relation to our product candidates. We might sell our products to distributors at the prices determined by us from time to time, and might be required to, or choose to, participate in a public tender process to facilitate our distributors' sales of our products to public hospitals. Nonetheless, in China, the government maintains a high level of involvement in the determination of retail prices, as the prices are affected by the bidding and tender processes organized by government agencies and hospitals. For further details, please refer to the paragraphs headed "Summary — Recent Development and no material adverse change — Impact of the Implementation of Centralized Procurement Policies" and "Risk Factors — Risks Relating to the Commercialization of Our Product Candidates — Even if we are able to commercialize any product candidates, the pricing of such products may be subject to downward changes which may have a material adverse effect on our business and results of operations" in this prospectus.

OUR CUSTOMERS

During the Track Record Period and up to the Latest Practicable Date, we had no commercialized product and therefore had no customers.

OUR SUPPLIERS AND RAW MATERIALS

Suppliers

During the Track Record Period, our suppliers mainly included suppliers of raw materials for the production of sample products under development for the purpose of clinical trials. In 2019, 2020 and the six months ended June 30, 2021, purchases from our five largest suppliers amounted to RMB17.9 million, RMB11.9 million and RMB9.0 million, respectively, representing 75.7%, 65.1% and 45.5% of our total purchases for the same periods, respectively; purchases from our largest supplier amounted to RMB6.2 million, RMB4.0 million and RMB4.8 million, respectively, representing 26.2%, 22.1% and 24.5% of our total purchases for the same periods, respectively.

The table below summarizes the purchases from our five largest suppliers for the periods indicated:

Five Largest Suppliers for 2019	Products/Services Purchased	Length of Relationship	Credit Term Offered	Purchase Amount	Percentage of Total Purchases
				RMB'000	
Supplier A	Clinical study services; Raw materials	Over six years	20 days; ten days	6,207.2	26.2%
Supplier B	Production machines	Over two years	30 days	5,700.0	24.1%
Supplier C	Production machines	Over two years	30 days	3,902.7	16.5%
Supplier D	Raw materials	Over five years	30 days	1,123.4	4.7%
Supplier E	Production machines	Over two years	30 days	1,000.0	4.2%
Total				**17,933.3**	**75.7%**

Five Largest Suppliers for 2020	Products/Services Purchased	Length of Relationship	Credit Term Offered	Purchase Amount	Percentage of Total Purchases
				RMB'000	
Supplier A	Clinical study services; Raw materials	Over six years	20 days; ten days	4,020.8	22.1%
Supplier F	Clinical study services; Technology consulting services	Over one year	Five to ten working days	3,334.9	18.3%
Supplier I	Manufacturing equipment	Over six months	30 days	2,060.9	11.3%
Supplier D	Raw materials	Over five years	30 days	1,546.2	8.5%
Supplier G	Clinical study services	Over four years	Ten days	902.0	4.9%
Total				**11,864.8**	**65.1%**

Five Largest Suppliers for the Six Months Ended June 30, 2021	Products/Services Purchased	Length of Relationship	Credit Term Offered	Purchase Amount	Percentage of Total Purchases
				RMB'000	
Supplier A	Clinical study services	Over six years	20 days	4,836.0	24.5%
Supplier I	Manufacturing equipment	Over six months	30 days	1,371.5	7.0%
Supplier D	Raw materials	Over five years	30 days	997.7	5.1%
Supplier J	Clinical study services	Over two years	Ten days	892.7	4.5%
Supplier K	Equipment	Over six years	14 days	860.1	4.4%
				8,958.0	**45.5%**

To the best knowledge of our Directors, during the Track Record Period, each of our five largest suppliers was an Independent Third Party. None of our Directors had any interest in any of our five largest suppliers during the Track Record Period, and to the best knowledge of our Directors, except for Mr. Yin Zhu, none of our Shareholders who owns more than 5.0% of the Shares in issue, nor any of their respective associates, had any interest in any of our five largest suppliers during the Track Record Period. Mr. Zhu, who currently owns 2.68% of our Shares but used to own up to 5.2754% of our Shares during the Track Record Period, directly or indirectly holds 54% of the equity interest in CCRF (Beijing) Inc. (永銘誠道(北京)醫學科技股份有限公司) and 60% of the equity interest in Beijing Huilifuda Trading Co., Ltd. (北京匯理孚達貿易有限公司), and the two companies were collectively regarded as one of our five largest suppliers during the Track Record Period. Further, our chief medical officer, Dr. Bradley Stewart Hubbard, directly and indirectly controlled Westpoint Innovation Center LLC. and Westpoint Innovation (Chengdu) Bio-tech Company Limited (西點科創(成都)生物技術有限公司). Both companies are primarily engaged in providing clinical study services and technology consulting services and were collectively regarded as one of our five largest suppliers in 2020.

Raw materials

For our BRS product candidates, namely Bioheart®, Bioheart Ultra™ and Bio-Leap™, we primarily use raw materials including polymer poly (L-lactide) (PLLA) scaffolds, radiopaque markers and drug coating. For our RDN product candidate, namely Iberis® 2nd, we primarily use raw materials including platinum electrodes, nickel-titanium tubes, inner tubes, outer tubes and guide wires. In 2019, 2020 and the six months ended June 30, 2020 and 2021, our costs of raw materials and consumables used amounted to RMB5.0 million, RMB3.0 million, RMB1.1 million and RMB3.1 million, respectively.

We select our raw material suppliers based on a number of factors, including the quality of raw materials, after-sales service and price. We use reputable suppliers from China, the United States and other countries. Based on the current market conditions, we intend to maintain stable working relationships with our major suppliers of raw materials. We have business relationship ranging from half to over five years with each of our top five suppliers. However, we cannot assure that we will maintain our working relationships with our major suppliers on similar terms, if at all. Although we maintain a list of backup suppliers if any supplier fails to timely deliver raw materials, we are still subject to risks associated with shortage of raw materials. For details, please refer to the paragraphs headed "Risk Factors — Risks Relating to Our Products and Product Candidates — We rely on a limited number of suppliers, and may not be able to secure a stable supply of qualified raw materials at all times or at all" and "An increase in the market price of our raw materials and components may adversely affect our financial position" in this prospectus.

Our production team monitors a rolling forecast of demand for specific products while our research and development team provides specifics of raw materials to be purchased. We maintain a pool of qualified suppliers for internal purposes, which is reviewed annually. As of the Latest Practicable Date, we had a pool of over 20 qualified suppliers of raw materials. We inspect raw material candidates from qualified suppliers in such pool and make necessary purchases according to inventory risks and costs associated with the raw materials and components needed.

Procurement Agreements with Suppliers

For our principal raw materials, we generally enter into an agreement with each supplier. The terms of our typical procurement agreements with our suppliers for our BRS product candidates and for our RDN product candidates are generally similar. The table below sets forth the principal terms of our typical procurement agreements:

Principal Terms of the Procurement Agreements

Sales and pricing policy	The price or the pricing mechanism is specified in each agreement or subject to negotiation.
Transportation and delivery	Delivery method is specified in each agreement.
Payment	We usually make prepayments before shipment or otherwise as specified in each purchase order.
Raw materials quality	Suppliers are subject to standard quality control terms specified or referenced to in the agreements and may be required to further enter into separate quality control agreements.

Warranty	Suppliers warrant that the raw materials shall satisfy our requirements specified in the supply agreements or purchase orders. Supplier's warranty is generally limited for a period of one year from date of our purchase.
Product Liability	Suppliers should be responsible for the damages caused by the defects in design, workmanship or materials of the products supplied during the warrant period.
Return/Exchange	We examine raw materials when we receive them and may reject any raw materials that do not meet our requirements within specified periods, generally of 60 days, upon receipt. We may also return raw materials with defects discovered during usage within the one-year warranty period.
Confidentiality	Pursuant to each agreement or a separate confidentiality agreement, both parties shall keep confidential the information acquired in the performance of the agreement.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material difficulties in procuring our major raw materials and had not experienced significant fluctuations in the prices of our supplies. To the best knowledge of our Directors, there has been no material breach of our procurement agreements with our suppliers during the Track Record Period. Our Directors believe, after taking into consideration the impact of the potential outbreak of COVID-19, that we would not experience any material difficulties in procuring our major raw materials.

INVENTORY MANAGEMENT

Our inventories consist of raw materials, work in progress and finished sample products. The relevant amount was recorded under the "research and development expenses" instead of "inventories" in our financial statements, primarily because during the Track Record Period and up to the Latest Practicable Date, we did not sell any products and therefore did not record any inventories from accounting perspectives. For details, please refer to the section headed "Financial Information" in this prospectus. We regularly monitor our inventories to reduce the risk of overstocking. We physically count all of our raw materials, work in progress and finished sample products every six months to identify products that are damaged, expired or soon-to-be expired.

We currently store substantially all our inventories in our production facilities in Shanghai. All of our sample products are subject to expiry. Our BRS sample products generally have an effective period of twelve months while our RDN sample products generally have an effective period of 24 months. Our Directors confirm that our inventory control system and policies have been effective and we did not experience any material shortage in supply or overstock of inventories during the Track Record Period and up to the Latest Practicable Date.

QUALITY CONTROL

Our quality control and regulatory team is involved in every aspect of our daily operations to ensure the quality control of our products. As of the Latest Practicable Date, our quality control and regulatory team had 13 employees.

We have established an internal control protocol for the design and development of new medical devices, with reference to various domestic and international risk management standards including ISO 14971:2007. This protocol guides our design and development of new medical devices in the following stages:

- **Design planning**: we involve multiple function teams in the process of design planning, and prepare a design and development planning report with the objectives, specifics, staffing, timetable and equipment specified;

- **Design inputs**: we take into consideration the needs of physicians and patients, as well as expected functions, safety requirements and regulatory framework;

- **Design outputs**: we keep proper documentation with regard to, among others, raw materials, drawings, product quality requirements, user manuals, submissions to regulatory bodies, samples and biological test results;

- **Design verification**: our research and development team makes samples, and with our quality control and regulatory team, evaluate the outputs against the inputs, and if required by law, the samples will be tested by third party institutions, after which a design verification report will be produced;

- **Design transfer**: before massive production, we manufacture a limited quantity of the output products and conduct further verification to ensure the suitability for commercialization;

- **Design validation**: our quality control and regulatory team assesses whether we should proceed to the clinical trial stage, and/or we confirm whether the design meets the expected usage; and

- **Design review**: we review our product design throughout the whole process of our research and development with multiple functional teams involved.

We also have ISO 13485:2016 certification, which demonstrates recognitions for our quality control system in terms of production. Our quality control system is established in accordance with the NMPA's regulations. We implement quality control measures throughout our production process, including raw material control and inspection, production process control, product inspection and environment control. Our quality control procedures in the production process primarily consist of the following:

- **Raw material control and inspection**: we conduct meticulous due diligence on our suppliers and only purchase our raw materials from suppliers who observe our internal supply management policies. We also inspect samples from each batch of raw materials to help ensure there are no quality or other issues;

- **Production Process control**: we plan the production process based on the technologies adopted by each product type and monitor the entire production process, particularly certain key steps of the production process;

- **Product inspection**: we compile our product inspection manual based on our product specifications, and inspect our products in accordance with our product inspection manual, including testing the capability and measurement of our products, verifying the product labels and manuals as well as confirming that the products are properly packaged and sterilized; and

- **Environment control**: we design environment control protocol for our labs and production facilities, and monitor the implementation of the protocols.

We have complied with all of our quality qualification requirements in all material respects and have passed all of the inspections up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any findings from the competent regulatory authorities indicating that our products under clinical trials are defective and we had not experienced any material complaint or product return from subjects enrolled in our clinical trials or hospitals where we conducted our clinical trials.

COMPETITION

Our BRS product candidates are designed for the market in China and will principally face competition from a limited number of domestic brands in the China market. We believe our product candidates have product designs that match and in some cases exceed the innovative features of products from international brands sold overseas while at the same time embodying the clinical needs of Chinese patients and physicians. We also compete with domestic brands based on our research and development capabilities, technology and highly professional employees.

For our RDN product candidate, we are one of the only three players in China with RDN products at clinical trial stage, and our product candidate, Iberis® 2nd, is expected to be the first approved multi-electrode RDN product in China. We will principally compete with a limited number of players in the China market. The characteristics of the RDN medical device industry are rapid product development, technological advances, intense competition and a strong emphasis on proprietary product offerings. We expect to compete primarily based on our research and development capabilities, product quality, pricing, brand recognition, reputation, product functionality and design, time to market and sales and distribution network coverage.

Apart from high-quality product candidates, our production process and quality control systems meet all applicable standards as required by PRC laws and regulations and we plan to continually invest to ensure that we remain a leader in the market. We also seek to differentiate ourselves from our competitors by closely collaborating with physicians and hospitals during the research and development process and also providing training to distributors, physicians and hospitals. We believe our continued investment in providing high quality services to the market will continue to build our brand recognition and reputation as a leader in the markets.

For information of competition in the markets we serve, please refer to the section headed "Industry Overview" in this prospectus.

INTELLECTUAL PROPERTY RIGHTS

We have built a comprehensive intellectual property portfolio in China and overseas to protect our technologies, inventions and know-how and ensure our future success with commercializing our products. As of the Latest Practicable Date, we had 67 registered patents and 24 registered trademarks, as well as 28 pending patent applications and 16 pending trademark applications. We believe there is no material legal impediment for us to obtain the approvals for these pending patents and trademarks applications.

Specifically, as of the Latest Practicable Date, we held eleven registered patents in relation to Bioheart®, and nine registered patents and three pending patent applications in relation to Iberis® 2nd. The table below lists the portfolio of patents in relation to Bioheart® and Iberis® 2nd, respectively, as of the Latest Practicable Date:

Patents directly in relation to Bioheart®:

No.	Patent No.	Description	Patent Type	Place of Registration	Registration Authority	Registered Owner	Filing Date	Issuance Date	Inventor Identity[2]	Expiration Date
1	ZL201410854547.8	A method and structure for pressing and holding vascular scaffold	Invention	China	CNIPA	Shanghai Bio-heart; Beijing Fuwai Hospital[1]	December 30, 2014	November 14, 2017	Yinghong Zhao, Yongjian Wu, Bo Xu	December 30, 2034
2	ZL201710191402.8	An absorbable scaffold system and method	Invention	China	CNIPA	Shanghai Bio-heart	March 28, 2017	August 9, 2019	Tao Cai, Yinghong Zhao, Guohui Wang	March 28, 2037
3	EP15198073.7	Crimping method and crimping structure for endovascular stent	Invention	Europe (Great Britain, Germany and France)	European Patent Office	Shanghai Bio-heart; Beijing Fuwai Hospital[1]	December 4, 2015	May 23, 2018	Yinghong Zhao, Yongjian Wu, Bo Xu	December 4, 2035
4	ZL201420870942.0	A pressing and holding structure of vascular scaffolds	Utility model	China	CNIPA	Shanghai Bio-heart	December 30, 2014	June 24, 2015	Guohui Wang, Yinghong Zhao	December 30, 2024

Notes:

(1) Beijing Fuwai Hospital is the principal investigator institution for the RCT of Bioheart®. Our in-house research and development team took the leading role throughout the product research and development process, but during such process, we have been working closely with Beijing Fuwai Hospital for advice and guidance from the perspective of real-world physician and patient needs, and as a gesture to show our gratitude to their advice and guidance, we listed the hospital as a co-owner of a few patents in relation to Bioheart®. The hospital has waived, and we are free to exercise, all of the relevant IP rights arising from such patents.

(2) For the inventors of the patents directly in relation to Bioheart®, (i) each of Tao Cai, Chenzhao Zhang, Junyi Wang, Rui Chen and Bin Jin is a current employee of our Company, among whom, each of Tao Cai and Chenzhao Zhang is an R&D director (研發總監), Junyi Wang is an R&D manager, Rui Chen is a quality regulation manager, and Bin Jin is a production manager; (ii) each of Guohui Wang and Yinghong Zhao is a former R&D staff of our Company, among whom, Guohui Wang served as a deputy general manager at our Company; and (iii) each of Bo Xu and Yongjian Wu is a physician.

No.	Patent No.	Description	Patent Type	Place of Registration	Registration Authority	Registered Owner	Filing Date	Issuance Date	Inventor Identity(2)	Expiration Date
5	ZL201621341668.3	A low bending moment tooling fixture for cutting degradable scaffolds	Utility model	China	CNIPA	Shanghai Bio-heart	December 8, 2016	June 9, 2017	Chenzhao Zhang, Guohui Wang, Yinghong Zhao	December 8, 2026
6	ZL201621476115.9	A stirring device and dissolution instrument for the drug test of absorbable scaffolds	Utility model	China	CNIPA	Shanghai Bio-heart	December 30, 2016	July 21, 2017	Junyi Wang, Guohui Wang, Yinghong Zhao, Tao Cai, Chenzhao Zhang	December 30, 2026
7	ZL201720308843.7	An absorbable scaffold system	Utility model	China	CNIPA	Shanghai Bio-heart	March 28, 2017	May 1, 2018	Tao Cai, Yinghong Zhao, Guohui Wang	March 28, 2027
8	ZL201822064867.X	A device for installing the developing point	Utility model	China	CNIPA	Shanghai Bio-heart	December 10, 2018	January 15, 2019	Bin Jin, Guohui Wang, Yinghong Zhao, Tao Cai, Chenzhao Zhang	December 10, 2028
9	ZL201720456197.9	A casing processing device	Utility model	China	CNIPA	Shanghai Bio-heart	April 27, 2017	November 24, 2017	Junyi Wang, Guohui Wang, Yinghong Zhao, Tao Cai, Chenzhao Zhang	April 27, 2027
10	ZL201820088302.2	A test device	Utility model	China	CNIPA	Shanghai Bio-heart	January 19, 2018	August 31, 2018	Rui Chen, Guohui Wang, Yinghong Zhao, Tao Cai	January 19, 2028
11	ZL201820166914.9	An observation table	Utility model	China	CNIPA	Shanghai Bio-heart	January 31, 2018	January 22, 2019	Bin Jin, Guohui Wang, Yinghong Zhao, Chenzhao Zhang, Junyi Wang	January 31, 2028

Patents and pending patent applications directly in relation to Iberis® 2nd:

No.	Patent No.	Description	Patent Type	Place of Registration	Registration Authority	Registered Owner	Filing Date	Issuance Date	Inventor Identity*	Expiry Date
1	ZL201720495058.7	A radiofrequency ablation device	Utility model	China	CNIPA	AngioCare; Terumo	May 5, 2017	October 30, 2018	Mr. Wang, Jay Qin, Weiwen Sheng, Fanbin Kong	May 5, 2027
2	ZL201620395595.X	A multi-electrode renal artery radiofrequency ablation catheter	Utility model	China	CNIPA	AngioCare; Terumo	May 4, 2016	December 21, 2016	Mr. Wang, Jay Qin, Weiwen Sheng, Zhen Wang, Ping Zhu, Guohui Wang	May 4, 2026

Note:

* For the inventors of the patents and pending patent applications directly in relation to Iberis® 2nd, (i) Mr. Wang is the current general manager of our Company; (ii) each of Guohui Wang, Weiwen Sheng, Fanbin Kong, Zhen Wang, Ping Zhu and Yanxue Wu is a former R&D staff of our Company, among whom, Guohui Wang served as a quality regulation manager at our Company; (iii) Jay Qin is a former consultant of our Company; and (iv) Xiongjing Jiang is a physician.

No.	Patent No.	Description	Patent Type	Place of Registration	Registration Authority	Registered Owner	Filing Date	Issuance Date	Inventor Identity*	Expiry Date
3	ZL201420488822.4	A catheter device for regulating nerves	Utility model	China	CNIPA	AngioCare; Terumo	August 27, 2014	January 7, 2015	Mr. Wang, Jay Qin, Weiwen Sheng, Zhen Wang, Guohui Wang, Ping Zhu, Yanxue Wu	August 27, 2024
4	ZL201420340676.0	A catheter device for regulating renal nerves	Utility model	China	CNIPA	AngioCare; Terumo	June 24, 2014	November 12, 2014	Mr. Wang, Jay Qin, Weiwen Sheng, Zhen Wang, Guohui Wang, Ping Zhu, Yanxue Wu	June 24, 2024
5	ZL201420333543.0	A multi-electrode renal artery radiofrequency ablation catheter	Utility model	China	CNIPA	AngioCare; Terumo	June 20, 2014	December 3, 2014	Mr. Wang, Jay Qin, Weiwen Sheng, Zhen Wang, Guohui Wang, Ping Zhu, Yanxue Wu	June 20, 2024
6	ZL201630532812.0	A radiofrequency generator	Design	China	CNIPA	AngioCare; Terumo	October 27, 2016	May 10, 2017	Mr. Wang, Jay Qin, Weiwen Sheng, Fanbin Kong	October 27, 2026
7	ZL201630578934.3	A renal artery radiofrequency ablation catheter (foreign style)	Design	China	CNIPA	AngioCare; Terumo	November 28, 2016	September 19, 2017	Mr. Wang, Jay Qin, Weiwen Sheng, Zhen Wang, Ping Zhu	November 28, 2026
8	ZL201630579720.8	A renal artery radiofrequency ablation catheter (domestic style)	Design	China	CNIPA	AngioCare; Terumo	November 28, 2016	September 19, 2017	Mr. Wang, Jay Qin, Weiwen Sheng, Zhen Wang, Ping Zhu	November 28, 2026
9	ZL201730162240.6	A multi-channel radiofrequency generator with operational interface	Design	China	CNIPA	AngioCare; Terumo	May 5, 2017	December 22, 2017	Mr. Wang, Jay Qin, Weiwen Sheng, Fanbin Kong	May 5, 2027
10	201610290782.6	A multi-electrode renal artery radiofrequency ablation catheter	Invention	China	CNIPA	AngioCare; Terumo	May 4, 2016	Pending	Mr. Wang, Jay Qin, Weiwen Sheng, Zhen Wang, Ping Zhu, Guohui Wang	N/A
11	201710313635.0	A radiofrequency ablation device and a radiofrequency ablation control method	Invention	China	CNIPA	AngioCare; Terumo	May 5, 2017	Pending	Mr. Wang, Jay Qin, Weiwen Sheng, Fanbin Kong	N/A
12	201710557578.0	A coaxial guidewire channel for radiofrequency ablation catheter	Invention	China	CNIPA	AngioCare; Terumo	July 10, 2017	Pending	Mr. Wang, Jay Qin, Weiwen Sheng, Zhen Wang, Ping Zhu, Xiongjing Jiang	N/A

In addition to the patents we owned in China, as of the Latest Practicable Date, we also had one patent registered in Japan in relation to RDN technologies, which was jointly owned by Terumo and us. For further details of our intellectual property, please refer to Appendix VI to this prospectus.

The term of an individual patent may vary based on the countries/regions in which it is granted. The actual protection afforded by a patent varies on a claim-by-claim and country-by-country basis and depends upon many factors, including the type of patent, the scope of its coverage, the availability of any patent term extension or adjustment, the availability of legal remedies in a particular country/region and the validity and enforceability of the patent. We cannot provide any assurance that patents will issue with respect to any of our owned or licensed pending patent applications or any such patent applications that may be filed in the future, nor can we provide any assurance that any of our owned, licensed or issued patents or any such patents that may be issued in the future will be commercially useful in protecting our product candidates and methods of manufacturing the same.

We rely, in some circumstances, on trade secrets and/or confidential information to protect aspects of our technology. We seek to protect our proprietary technology and processes, in part, by entering into confidentiality arrangements with consultants, advisers and contractors. We have entered into confidentiality and non-compete agreements with our key employees and employees involved in research and development, pursuant to which intellectual property conceived and developed during their employment belongs to us and they waive all relevant rights or claims to such intellectual property. We also have established an internal policy governing the confidentiality of all company information. Despite the measures we have taken to protect our intellectual property, our proprietary information may be obtained by unauthorized parties. For details, please refer to the paragraphs headed "Risk Factors — Risks relating to Our Products and Product Candidates — Failure to adequately protect our intellectual property rights may adversely affect our reputation and disrupt our business" in this prospectus.

These agreements may not provide sufficient protection of our trade secrets and/or confidential information. These agreements may also be breached, resulting in the misappropriation of our trade secrets and/or confidential information, and we may not have an adequate remedy for any such breach. In addition, our trade secrets and/or confidential information may become known or be independently developed by a third party, or misused by any collaborator to whom we disclose such information. Despite any measures taken to protect our intellectual property, unauthorized parties may attempt to or successfully copy aspects of our products or to obtain or use information that we regard as proprietary without our consent. As a result, we may be unable to sufficiently protect our trade secrets and proprietary information.

We also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining the physical security of our premises as well as physical and electronic security of our information technology systems. Despite any measures taken to protect our data and intellectual property, unauthorized parties may attempt to or successfully gain access to and use information that we regard as proprietary. For details, please refer to the paragraphs headed "Risk Factors — Risks Relating to Our Operations — Our internal computer systems may fail or suffer security breaches" in this prospectus.

We also own a number of registered trademarks and pending trademark applications. As of the Latest Practicable Date, we had registered trademarks for our Company and our corporate logo in China and other jurisdictions and are seeking trademark protection for our Company and our corporate logo in the countries where available and appropriate.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any dispute with any other parties in respect of our intellectual property rights which have had a material effect on our business, and we were not involved in any material proceedings in respect of intellectual property right infringement claims against us or initiated by us. However, there are risks that we may be subject to claims that we have infringed the intellectual property rights of third parties, and we may not be able to adequately protect our own intellectual property rights. For details, please refer to the paragraphs headed "Risk Factors — Risks Relating to Our Intellectual Property Rights" in this prospectus.

HEALTH, SAFETY, SOCIAL AND ENVIRONMENTAL MATTERS

We are subject to various health, safety, social and environmental laws and regulations and our operations are regularly inspected by local government authorities. We believe we have adequate policies ensuring compliance with all health, safety, social and environmental protection regulations. Our Directors consider that the annual cost of compliance with the applicable health, safety, social and environmental laws and regulations was not material during the Track Record Period and we do not expect the cost of such compliance to be material going forward.

We strive to provide a safe working environment for our employees. We have implemented work safety guidelines setting out safety practices, accident prevention and accident reporting procedures. Our employees responsible for production and quality control are required to hold relevant qualifications, as well as wear proper safety gears when working. We conduct regular safety inspections and maintenance for our production facilities. We have implemented company-wide health, safety, social and environmental protection policies and standard operating procedures that include management systems and procedures relating to emissions of air, water and other media; waste water generation and treatment; process safety management; handling, use, storage, treatment and disposal of hazardous substances; emergency planning and response.

Our quality control and regulatory team is responsible for monitoring and enforcing the compliance of our operations with environment, health and safety laws and regulations. This responsibility is executed through training; formulation and implementation of strategies, policies, standards and metrics; communication of environmental, health and safety policies and procedures through a team of coordinators; environmental, health and safety audits; and incident response planning and implementation.

Our operations involve the use of hazardous and flammable chemical materials. We implemented safety guidelines setting out information about potential safety hazards and procedures for operating in our laboratory, and we installed video surveillance systems inside our inventory storage facilities to monitor the storage process. Our operations also produce such hazardous waste. We contract with third parties for the disposal of hazardous materials and wastes. When selecting these third parties, we commonly consider a number of factors, including their qualification, service quality, expertise, reputation and experience in the

disposal of hazardous substances. During the Track Record Period and up to the Latest Practicable Date, we did not incur material cost of compliance with relevant environment protection laws and regulations.

During the Track Record Period and up to the Latest Practicable Date, we had been in compliance with the relevant PRC laws and regulations in all material aspects, and had not been subject to any material claim or penalty in relation to health, safety, social and environmental protection, or been involved in any significant work place accident or fatality.

In respect of social responsibilities, we are committed to offering a fair and caring working environment to our employees. We hire employees based on their merits and it is our corporate policy to offer equal opportunities to our employees regardless of gender, age, race, religion or any other social or personal characteristics, and provide training programs to keep our employees stay abreast of industry and regulatory developments. We have not had any significant workplace accidents since our inception.

In light of the recent COVID-19 outbreak, we have endeavored to provide a safe work environment by implementing company-wide self-protection policies for employees, including providing protective masks and sanitization to our employees. For more details related to the impact of COVID-19 outbreak on our business, please refer to the section headed "Financial Information — Impact of the COVID-19 Outbreak" in this prospectus.

EMPLOYEES

As of the Latest Practicable Date, we employed 49 full-time employees, who were all based in China. The following table sets forth the number of our full-time employees by function as of the Latest Practicable Date:

Function	Number of full-time employees	Percentage
Management	5	10.2%
Product development (research and development, clinical trial, quality control, production and registration)*	37	75.5%
Finance and investment	2	4.1%
Administrative and others	5	10.2%
Total	49	100.0%

Note:

* Employees may undertake more than one functions/sub-functions from time to time. Our research and development team includes certain of our management members and employees from our production team.

We recruit our employees based on a number of factors, including work experiences, educational background and the requirements of a relevant vacancy. We invest in continuing education and training programs for our management staff and other employees to upgrade their skills and knowledge continuously. We provide our employees with regular feedbacks as well as internal and external training in various areas, such as product knowledge, project development and team building. We also evaluate our employees based on their performance to determine their salary, promotion and career development.

In compliance with the relevant PRC labor laws, we enter into individual employment contracts with our employees covering matters such as terms, wages, bonuses, employee benefits, workplace safety, confidentiality obligations, non-competition and grounds for termination. In addition, we are required under PRC law to make contributions to statutory employee benefit plans (including pension plans, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance and housing funds) at a certain percentage of our employees' salaries, including bonus and allowances, up to a maximum amount specified by the local government. During the Track Record Period, we had paid social insurance and housing provident fund in full for our employees.

We are also subject to safety laws and regulations of the PRC. For a description of these laws and regulations, please refer to the paragraphs headed "Regulatory Overview — Regulations on Employment and Social Security — Labor Law of PRC" in this prospectus. We have implemented various internal occupational health and safety procedures to maintain a safe work environment, including adopting protective measures at our production facilities, inspecting our equipment and facilities regularly to identify and address safety hazards, and providing regular training to our employees on safety awareness. We do not have an established labor union.

We believe that we have maintained good working relationships with our employees. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material claims, lawsuits, penalties or administrative actions relating to non-compliance with occupational health and safety laws or regulations, and had not experienced any strikes, labor disputes or industrial actions which have had a material effect on our business.

PROPERTIES

Leased Properties

As of the Latest Practicable Date, we did not own any properties and we leased properties in Shanghai with an aggregate gross floor area of approximately 10,127.3 sq.m. The following table sets forth a summary of our leased properties and lease agreements:

No.	Address	Usage	Leased Area (Approximate sq.m.)	Lease Term
1	Room 301 and Room 401, Building 6, 590 Ruiqing Road, Zhangjiang Hi-Tech Industrial Park, Shanghai, the PRC	Manufacturing	1,500.9	February 20, 2019 – February 19, 2022
2	Room 302, Building 4, 590 Ruiqing Road, Zhangjiang Hi-Tech Industrial Park, Shanghai, the PRC	Manufacturing and office	1,538.5	July 1, 2021 – December 31, 2024
3	Floor 2-3, Building 18, No.315 Qingda Road, Pudong New Area, Shanghai, the PRC	Manufacturing	3,602.6	December 22, 2020 – February 21, 2026
4	Room 101, 1st Floor and 4th Floor, Building 18, No.315 Qingda Road, Pudong New Area, Shanghai, the PRC	Office and storeroom	3,485.3	August 1, 2021 – February 21, 2026

Considering our stable and long-term cooperation relationship with the lessor in the past, our Directors believe that we will be able to successfully renew the lease before the end of the lease term. Specifically, for the first lease in the above table, we are in the process of negotiating with the landlord regarding the lease renewal, and expect to extend the lease term for one year. Even in the worst case scenario, where we failed to successfully renew the lease, considering that there are abundant unoccupied office premises for lease, we believe we would be able to relocate our office to a different site relatively easily if needed, and our Directors are of the view that there would not be any material impact on our operations.

Pursuant to the applicable PRC laws and regulations, property lease agreements must be registered with the local branch of the Ministry of Housing and Urban-Rural Development of the PRC. As of the Latest Practicable Date, we had not completed the relevant property leasing registrations for one leased property. For details of the risk associated with the unregistered lease agreements, please refer to the paragraphs headed "Risk Factors — Risks Relating to Our Operations — Risks relating to our failure to complete property leasing registrations for our lease properties" in this prospectus. According to our PRC Legal Adviser, the failure to complete such registration process does not affect the validity of the relevant property lease agreements, and a maximum penalty of RMB10,000 may be imposed for the non-registration of each lease agreement. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any penalties arising from the non-registration of our lease agreements, and had not experienced any dispute arising out of, or in relation to, our leased properties.

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 buildings.

INSURANCE

We maintain certain insurance policies as of the Latest Practicable Date. For example, we maintain clinical trial insurance policies that covers losses arising from injuries and deaths of trial subjects as a result of using our medical devices or related products and property insurance policies that cover losses arising from accidents and natural calamities in respect of our machinery, equipment, inventories and other fixed assets in our research and manufacturing facilities. We do not maintain product liability insurance policies. We consider that the coverage from the insurance policies maintained by us is adequate for our present operations and is in line with the industry norm. During the Track Record Period, we had not made, or been the subject of, any material insurance claims.

LICENSES, PERMITS AND APPROVALS

We are required to obtain various permits, licenses, approvals and certifications from government authorities as required under PRC laws and regulations. As of the Latest Practicable Date, we had obtained all requisite licenses, permits and certifications that are material for our operations, and such licenses, permits and certifications all remain in full effect. As of the Latest Practicable Date, we had not obtained any medical device registration certificates from the NMPA, and we will apply for registration certificates once our product candidates are ready to be marketed. For more details regarding the PRC and foreign laws and regulations to which we are subject, please refer to the section headed "Regulatory Overview" in this prospectus.

The following table sets forth the key licenses and permits held by us as of the Latest Practicable Date:

License/Permit	License/Permit No. or Credit Code	Validity Period	Authority
Business License (Shanghai Bio-heart Biological Technology Co., Ltd.)	91310115398656770F	July 18, 2014 - Permanent	Shanghai Municipal Administration for Market Supervision
Business License (AngioCare)	91310115583423266 8	September 28, 2011 - January 5, 2043	Shanghai Pudong New Area Market Supervision Administration
Certificate of Quality Management System for Medical Devices	04720Q10000192	May 11, 2020 - May 10, 2023	Beijing Huaguang Certification of Medical Devices Co., Ltd.
Certificate of Advanced Technology Enterprises	GR202031003460	November 12, 2020 - November 11, 2023	Shanghai Municipal Science and Technology Commission, Shanghai Municipal Finance Bureau, and Shanghai Taxation Bureau
Certificate - Quality Management System EN ISO 13485:2016	SX2056111-1	February 20, 2021 - February 19, 2024	TÜV Rheinland LGA Products GmbH
CE Marking	HD 60126885 0001	March 25, 2018 - March 24, 2023	TÜV Rheinland LGA Products GmbH

We intend to apply for renewal of the above key licenses prior to their respective expiry dates. The successful renewal of our existing licenses, permits and certifications will be subject to our fulfillment of relevant requirements. As advised by our PRC Legal Adviser, there is no material legal impediment for us to renew the above key licenses upon expiry.

LEGAL PROCEEDINGS AND REGULATORY COMPLIANCE

We may become a party to legal, arbitral or administrative proceedings arising in the ordinary course of our business. Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, we were not involved in any legal, arbitral or administrative proceedings that, individually or in aggregate, would have a material and adverse effect on our business, financial condition or results of operations, and they are not aware of any potential or threatened legal, arbitral or administrative proceedings to which we will be named as a party. Our Directors further confirm that none of our Directors or senior management personnel was personally involved in any of these legal, arbitral or administrative proceedings.

Our PRC Legal Adviser confirmed that during the Track Record Period and up to the Latest Practicable Date, we had complied with applicable PRC laws and regulations in all material aspects. Our Directors confirmed that we were not involved in any material or systematic non-compliance incidents.

RISK MANAGEMENT

We are exposed to various risks for our operations so risk management is important for our business. For details of the various operational risks we face, please refer to the section headed "Risk Factors" in this prospectus. In addition, we are also exposed to various financial risks, such as credit, liquidity and foreign exchange risks that arise in the normal course of our business. For details, please refer to the paragraphs headed "Financial Information — Market Risk Disclosure" in this prospectus. In order to identify, assess and control the risks that may cause impediments to our business, we have designed and implemented various policies and procedures to help ensure effective risk management in our operations.

We have adopted a consolidated set of risk management policies which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an on-going basis. Our audit committee, and ultimately our Board supervises the implementation of our risk management policies. Risks identified by senior management will be analyzed on the basis of likelihood and impact, and will be properly followed up and mitigated and rectified by our Company and reported to our Board.

Our senior management implements the risk management policies, strategies and plans set by our Board. Our senior management is responsible for (i) formulating our risk management policy and reviewing major risk management issues of our Company; (ii) providing guidance on our risk management approach to the relevant teams in our Company and supervising the implementation of our risk management policy by the relevant departments; and (iii) reporting to our audit committee on our material risks.

Each functional team, including the finance and investment team, monitors and evaluates the implementation of risk management and internal control policies and procedures on a regular basis. The Board will meet in-person every quarter, as necessary. In order to formalize risk management across our Company and set a common level of transparency and risk management performance, the relevant teams will (i) gather information about the risks relating to their operation or function; (ii) conduct risk assessments, which include the identification, prioritization, measurement and categorization of all key risks that could potentially affect their objectives; (iii) prepare a risk management report bi-annually for our chief executive officer's review; (iv) continuously monitor the key risks relating to their operation or function; (v) implement appropriate risk responses where necessary; and (vi) develop and maintain an appropriate mechanism to facilitate the application of our risk management framework.

Before each Board meeting, an agenda is prepared with input from Directors, as well as from senior management and other vice presidents. At Board meetings, depending on the agenda, different team heads will gather information relating to their functions and report to the Board on the relevant agenda items, as necessary. The Board secretary will attend all Board meetings to ensure that there is no gap in communication between the two bodies. During Board meetings, the Board will on occasion further review and/or analyze particular issue and report their findings at the next Board meeting. Our Board believe that our corporate structure provides an appropriate system of checks and balances to improve our risk management procedures.

Our audit committee also reviews and approves our risk management policy to ensure that it is consistent with our corporate objectives, reviews and approves our corporate risk tolerance, monitors the most significant risks associated with our business operation and our management's handling of such risks, reviews our corporate risk in light of our corporate risk tolerance, and monitors and ensures the appropriate application of our risk management framework across our Company.

INTERNAL CONTROL OVER BUSINESS OPERATIONS

Internal Control

We have implemented various risk management policies and measures to identify, assess and manage risks arising from our operations. Details on risk categories identified by our management, internal and external reporting mechanism, remedial measures and contingency management have been codified in our policies. For details of the potential risks associated with our business, please refer to the section headed "Risk Factors" in this prospectus.

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the Global Offering, we have adopted, among other things, the following risk management and internal control measures:

- the establishment of an audit committee responsible for overseeing our financial records, internal control procedures and risk management systems. Please refer to the paragraphs headed "Directors, Supervisors and Senior Management — Board Committees — Audit Committee" in this prospectus for the qualifications and experience of these committee members as well as a detailed description of the responsibility of our audit committee;

- the appointment of Mr. Yunqing Wang as our Chief Financial Officer and joint company secretary, and Ms. Sarah Siu Ying Kwok as our joint company secretary to ensure the compliance of our operation with relevant laws and regulations. For their biographical details, please refer to the section entitled "Directors, Supervisors and Senior Management" in this prospectus;

- the appointment of Maxa Capital Limited as our compliance adviser upon the Listing to advise us on compliance with the Listing Rules;

- the engagement of external legal advisors to advise us on compliance with the Listing Rules and to ensure our compliance with relevant regulatory requirements and applicable laws, where necessary; and

- the adoption of various measures and procedures regarding each aspect of our business operation, such as related party transaction, risk management, patient data and privacy, environmental protection and occupational health and safety. For more information, please refer to the paragraphs "— Health, Safety, Social and Environmental Matters" in this section. We provide training about these measures and procedures to our employees across different departments as part of our employee training program. Our audit department conducts audit field work to monitor the implementation of our internal control policies and the compliance status, reports the weakness identified to our management and audit committee and follows up on the rectification actions.

In addition, we have adopted internal control measures to ensure our compliance with the applicable laws and regulations with respect to the handling of scientific data involving state secrets, national security, social public interests, commercial secrets or personal privacy ("**Sensitive Scientific Data**"), which measures primarily include:

- adopting strict requirements for desensitizing, collecting, using, reproducing, storing, and transferring scientific data;

- providing trainings periodically to our senior management and employees to enhance their knowledge of the applicable laws and regulations regarding the protection of Sensitive Scientific Data;

- forbidding any transfer of Sensitive Scientific Data, and requiring any transfer of scientific data (including but not limited to those in relation to clinical trial results) abroad or to foreign parties to be submitted to the Board for pre-approval; and

- desensitizing all scientific data before transferring them to any third parties.

Finally, we have adopted various internal regulations against corrupt and fraudulent activities, which include measures against receiving bribes and kickbacks, and misuse of company assets. Major measures and procedures to implement such regulations include:

- authorizing our audit and supervision department to assume responsibility for daily execution of our anti-corruption and anti-fraud measures, including handling complaints, ensuring protection for the whistle-blower and conducting internal investigations;

- providing anti-corruption compliance training periodically to our senior management and employees to enhance their knowledge and compliance with applicable laws and regulations, and including relevant policies and express prohibitions against non-compliance in staff handbooks;

- undertaking rectification measures with respect to any identified corrupt or fraudulent activities, evaluating the identified corrupt or fraudulent activities and proposing and establishing preventative measures to avoid future non-compliance;

- requiring our employees, especially those involved in procurement and other business functions which are more susceptible to bribery and corruptions, to abide by our compliance requirements, and make necessary representations and warranties to our Company;

- communicating our anti-bribery and anti-corruption principles to the CROs and SMOs we engaged for our clinical trials and require them to comply with our anti-bribery and anti-corruption principles; and

- establishing a supervision system that allows complaints and reports regarding non-compliant behavior of our employees and external customers and suppliers to be submitted to our management.

Our Directors are of the view that such controls and measures are sufficient and effective to avoid the occurrence of corruption, bribery, or other improper conduct of our employees. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any government investigation or litigation with respect to claims or allegations of monetary and non-monetary bribery activities, and to the best knowledge of our Directors, none of our employees were involved in any bribery or kickback arrangements.

We have designated responsible personnel to monitor our ongoing compliance with relevant laws and regulations that govern our business operations, and to oversee the implementation of any necessary measures. Meanwhile, we plan to provide our Directors, senior management and relevant employees with continuing training programs and updates regarding the relevant laws and regulations on a regular basis, with a view to proactively identifying any concerns or issues relating to any potential non-compliance. We believe that we have established adequate internal procedures, systems and controls in relation to anti-corruption and anti-bribery law compliance.

OVERVIEW

As of the Latest Practicable Date, Mr. Wang controlled the exercise of voting rights of approximately 48.51% of the total issued share capital of our Company through (i) his personal capacity; (ii) Winning Powerful, of which he is the sole shareholder; (iii) Shanghai Baixinantong, of which he is the sole executive partner; and (iv) Shanghai Baihate, which has entered into a proxy agreement with Mr. Wang dated December 10, 2020. Pursuant to the proxy agreement, Shanghai Baihate agrees and confirms that it has, since December 10, 2020 (the date when the shareholders' meeting approving the Listing was held), unconditionally and irrevocably appointed Mr. Wang as its proxy to exercise its shareholder's rights, including but not limited to the voting rights attached to the Shares it holds. As such, Mr. Wang controlled the exercise of the voting rights attached to a total of 106,723,763 Shares held by Winning Powerful Limited, Shanghai Baixinantong, Shanghai Baihate and himself. Immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised), Mr. Wang will be entitled to exercise voting rights of approximately 43.75% of the issued share capital of our Company, and will therefore be our ultimate Controlling Shareholder. For further details, see the sections headed "History, Development and Corporate Structure — Voting Arrangement" for the voting arrangement and "History, Development and Corporate Structure — Employee Incentive Schemes" for the information on Shanghai Baixinantong and Shanghai Baihate.

Mr. Wang is one of our executive Directors, the chairman of our Board and our general manager. For further background of Mr. Wang, please refer to the section headed "Directors, Supervisors and Senior Management" in this prospectus.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDER

The Controlling Shareholder confirms that as of the Latest Practicable Date, he did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules. Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently of our Controlling Shareholder and his close associates after the Listing.

Operational Independence

Although our Controlling Shareholder will retain a controlling interest in us after Listing, for the reasons stated below, we have full rights to make all decisions on, and to carry out, our own business operations independently. We have our independent and separate senior management team and our own staff to support the operations and management of our core business. We have registered the relevant intellectual property rights relating to relevant technologies of our business and our drug candidates. We hold the licenses and qualifications necessary to carry on our current business, and have sufficient capital, facilities, technology and employees to operate the business independently from our Controlling Shareholder. We have access to suppliers and customers independently from and not connected to our Controlling Shareholder for sources of suppliers and customers.

Based on the above, our Directors are satisfied that there is no operational dependence by us on our Controlling Shareholder.

Management Independence

Our Board comprises two executive Directors, four non-executive Directors and three independent non-executive Directors. Mr. Wang is an executive Director and our Controlling Shareholder.

Each of our Directors is aware of his or her fiduciary duties as a Director which require, among others, that he or she must act for the benefit of and in the best interests of our Company and not allow any conflict between his or her duties as a Director and his personal interests. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) shall abstain from voting on the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum. Further, we believe our independent non-executive Directors will bring independent judgment to the decision-making process of our Board. See "— Corporate Governance" for further details.

Based on the above, our Directors are satisfied that our Board as a whole together with our senior management team is able to perform the managerial role in our Group independently.

Financial Independence

We have established our own finance department with a team of financial staff, who are responsible for financial control, accounting, and reporting functions of our Company, independent from our Controlling Shareholder. We can make financial decisions independently and our Controlling Shareholder does not intervene with our use of funds. We have also established an independent audit system, a standardized financial and accounting system and a complete financial management system. We maintain bank accounts with banks independently and do not share any bank accounts with our Controlling Shareholder and his associates. In addition, we have been and are capable of obtaining financing from third parties without relying on any guarantee or security provided by our Controlling Shareholder or his associates. As of the Latest Practicable Date, there were no loans, advances and balances due to and from our Controlling Shareholder, and no share pledges or guarantees provided by our Controlling Shareholder and his associates on our borrowings. We have adopted a set of internal control procedures for cash receipts and payment and have independent access to third-party financing.

Based on the above, our Directors are of the view that they and our senior management are capable of carrying on our business independently of, and do not place undue reliance on our Controlling Shareholder and his close associates after the Listing. We have also established an Audit Committee comprising our three independent non-executive Directors in compliance with Rule 3.13 of the Listing Rules.

DIRECTORS' INTEREST IN COMPETING BUSINESS

As of the Latest Practicable Date, none of our Directors had an interest in any business which competes or is likely to compete, either directly or indirectly, with our business, that requires disclosure under Rule 8.10 of the Listing Rules.

NON-COMPETITION UNDERTAKING

Deed of Non-Competition

In order to ensure that competition does not develop between us and other business activities and/or interests in businesses of our Controlling Shareholder, the Controlling Shareholder (the "Covenantor") entered into the Deed of Non-competition in favor of the Company. Pursuant to the Deed of Non-competition, the Controlling Shareholder has irrevocably and unconditionally undertaken to us (for ourselves and for the benefit of our subsidiaries) that he would not and would use his best endeavors to procure that his respective associates (except any members of the Group) would not, directly or indirectly, or as principal or agent either on his own account or in conjunction with or on behalf of any person, firm, company or entity, carry on, engage in, invest in, participate in, attempt to participate in, hold any right or have any financial interests in or otherwise be involved in or interested (economically or otherwise) in, any business or investment activities which are the same as, similar to or in competition with either of our two core areas of practice, being the development of BRS and/or RDN products (the "Restricted Business") (whether alone or jointly with another person and whether directly or indirectly or on behalf of or to assist or act in concert with any other person).

The Covenantor has further irrevocably and unconditionally undertaken that during the Restricted Period (as defined below), he should first offer new business opportunities to us in the following manner when any business, investment or other business opportunities (a "New Business Opportunities") related to the Restricted Business becomes available to him:

(a) He will make referral of the New Business Opportunities to us, and will as soon as possible inform us in writing ("Offer Notice") about all necessary and reasonably required information in respect of any New Business Opportunities (including but not limited to details of the nature and investment or acquisition cost of the New Business Opportunities) for us to consider (a) whether the relevant New Business Opportunities will compete with our business, and (b) whether taking up the New Business Opportunities is in the interest of our Group.

(b) Upon receipt of the Offer Notice, the independent non-executive Directors will consider whether to pursue the New Business Opportunities, taking into account whether the relevant New Business Opportunities would be able to achieve a sustainable profitability level, whether they are in line with the prevailing development strategies of our Group, and whether they are in the best interest of the Shareholders. Our Company must inform the Covenantor in writing within 20 Business Days after receipt of the Offer Notice about its decision on whether the New Business Opportunities will be pursued.

(c) Only when (a) the Covenantor has received our notice to reject the New Business Opportunities and our confirmation that the relevant New Business Opportunities are not considered to be able to compete with our core business; or (b) the Covenantor has not received the relevant notice from our Company within the period as stated above in paragraph (b) after the Offer Notice has been received by us, then the Covenantor will be entitled to take up the New Business Opportunities on terms and conditions that are not more favorable than those specified in the Offer Notice issued to us.

If material changes occur in the terms and conditions of the New Business Opportunities after the referral of which have been made or procured to be made to us by the Covenantor, referral of the revised New Business Opportunities shall be made by the Covenantor to us again in the manner as stated above.

The above undertaking does not prevent the Covenantor from:

(a) holding and/or being interested in, directly or indirectly, an interest in the Group from time to time;

(b) holding and/or being interested in, directly or indirectly, an investment or interest in units or shares of any company, investment trust, joint venture, partnership or other entity which engage in any Restricted Business (collectively the "Competing Entity") where the aggregate number of shares held by the Covenantor and/or his respective associates (except any members of our Group) does not exceed 10% of the issued shares of that class of shares of such Competing Entity provided that (i) such investment or interest does not grant, nor does the Covenantor and/or his associates (except any members of our Group) otherwise hold, any right to control the composition of the board of directors or managers of such Competing Entity nor any right to participate, directly or indirectly, in such Competing Entity; and (ii) none of the Covenantor and his respective associates (except any members of our Group) is the controlling shareholder of such Competing Entity;

(c) holding and/or being interested in, directly or indirectly, any Restricted Business which our Group has decided not to make an investment as approved in writing by all the independent non-executive Directors; or

(d) holding and/or being interested in, directly or indirectly, an investment or commercial opportunity relating to the Restricted Business has first been offered or made available by any of the Covenantor to us, and either we do not respond to the offer by the due date, or after decision by our independent non-executive Directors we decline in writing to accept such an opportunity.

Under the Deed of Non-competition, the Covenantor has further undertaken jointly and severally, to us (for ourselves and as trustee for the benefit of each of our subsidiary from time to time) the following:

(i) the Covenantor has acknowledged that the independent non-executive Directors will review, where necessary and at least on an annual basis, the compliance with the undertaking contained in the Deed of Non-competition;

(ii) he will provide, and will procure his associates (other than members of our Group) to provide, where necessary and at least on an annual basis, all information necessary for the review by our independent non-executive Directors, subject to any relevant laws, rules and regulations or any contractual obligations, to enable the independent non-executive Directors to enforce the Deed of Non-competition;

(iii) without prejudicing the generality of paragraph (i) above, he will provide to us with an annual declaration on its compliance with the terms of the Deed of Non-competition for inclusion in our annual report;

(iv) the Covenantor has acknowledged that our Company will make disclosures in our annual reports or by way of announcements regarding the decisions and the rationale of those decisions (as appropriate) of our independent non-executive Directors on matters referred to in the Deed of Non-competition and he gives its general consent to such disclosure;

(v) in the event that any disagreement between the Covenantor and us as to whether or not any activity or proposed activity of the Covenantor constitutes a Restricted Business, the matter shall be determined by our independent non-executive Directors whose majority decision shall be final and binding; and

(vi) the Covenantor shall excuse himself from, and abstain from voting and not be counted as quorum of, any meetings of Shareholders for consideration and approval of any matters referred to in the Deed of Non-competition which have or may give rise to conflicts of interest, actual or potential.

Pursuant to the Deed of Non-competition, the above restrictions would apply throughout the Restricted Period, being the period commencing from the Listing Date and ending on the earlier of the following date:

(1) the Covenantor and/or his respective associates (other than any member of the Group) ceasing to hold, directly or indirectly, an aggregate of at least 30% of the issued share capital (or ceasing the control to exercise the voting rights of such shareholding) of our Company;

(2) the Covenantor and/or his respective associates (other than any member of the Group) considered together as if they were one single Shareholder ceasing to be the largest single Shareholder; or

(3) our Shares ceasing to be listed on the Stock Exchange (except for temporary suspension of trading of our Shares).

CORPORATE GOVERNANCE

Our Company will comply with the provisions of the Corporate Governance Code in Appendix 14 to the Listing Rules (the "Corporate Governance Code"), which sets out principles of good corporate governance.

Our Directors recognize the importance of good corporate governance in protection of our Shareholders' interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and the Controlling Shareholder:

1. where a Shareholders' meeting is to be held for considering proposed transactions in which the Controlling Shareholder or any of his respective associates has a material interest, the Controlling Shareholder will not vote on the resolutions and shall not be counted in the quorum in the voting;

2. our Company has established internal control mechanisms to identify connected transactions. Upon the Listing, if our Company enters into connected transactions with a Controlling Shareholder or any of his close associates, our Company will comply with the applicable Listing Rules;

3. our independent non-executive Directors will review, on an annual basis, whether there is any conflict of interests between our Group and the Controlling Shareholder (the "Annual Review") and provide impartial and professional advice to protect the interests of our minority Shareholders;

4. the Controlling Shareholder will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the Annual Review;

5. our Company will disclose decisions (with basis) on matters reviewed by the independent non-executive Directors either in its annual report or by way of announcements;

6. where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expenses; and

7. we have appointed Maxa Capital Limited as our compliance adviser to provide advice and guidance to use in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and the Controlling Shareholder, and to protect minority Shareholders' interests after the Listing.

OVERVIEW

We have entered into certain transactions with Terumo (China) Investment Co., Ltd. (泰爾茂(中國)投資有限公司) who will become a connected person of our Group upon the Listing and these transactions will continue following the Listing Date, thereby constituting continuing connected transactions of our Group under Chapter 14A of the Listing Rules.

1. Collaboration Arrangements under the Strategic Alliance Agreements with Terumo

(a) Description of the Transactions

In November 2012, AngioCare formed a strategic alliance with Terumo and entered into a series of agreements (namely a capital increase and subscription agreement, a joint venture cooperation agreement, a collaboration agreement and a sales agreement, all dated November 5, 2012, together, the "**2012 Agreements**") with Terumo, which are partially amended by another collaboration agreement dated September 10, 2014 (the "**2014 Agreement**", together with the 2012 Agreements, the "**Terumo Agreements**"). As of the Latest Practicable Date, Terumo is a 24.31% shareholder of AngioCare and will become a substantial shareholder of AngioCare upon Listing.

Pursuant to the terms of the Terumo Agreements, by 2017, Terumo had paid AngioCare a total amount of approximately RMB88.8 million for the development of, and obtaining of regulatory approvals for, the 1st and 2nd generation (including type A and type B) RDN products (collectively, the "**Products**"), and acquired the exclusive distribution rights for the Products in the global market. We maintained the strategic alliance with Terumo after our Acquisition of AngioCare. There have been no changes to the Terumo Agreements after our Acquisition of AngioCare. Please refer to the paragraph headed "*Business — Strategic Alliance with Terumo*" in this prospectus for the salient terms of the Terumo Agreements.

The Terumo Agreements shall be effective for 30 years starting from the date when AngioCare obtained the Business License for Enterprises as Legal Persons (企業法人營業執照) from the relevant PRC regulatory authority, i.e., January 8, 2013. Frost & Sullivan has confirmed that it is a market practice in the medical device industry for similar cooperation agreements to be entered into for a long term or for an indefinite term, primarily due to the substantial amount of capital committed by the collaboration partners and the risks involved.

Pursuant to the Terumo Agreements, Terumo (or any third party designated by it) (each a "**Terumo Party**") has exclusive rights to distribute the Products in the global market, subject to the following conditions:

(i) in China, AngioCare has the rights to distribute the Products to third parties if Terumo fails to achieve the sales target, being at least 30,000 units per year for five years after the Products are included in the medical device bidding list issued by the relevant regulatory authorities in China (excluding the sales of the 2nd generation Type B RDN product); and

(ii) in any region other than China, Terumo should have exclusive distribution rights for the Products unless it (a) waives such rights in writing, (b) fails to assist AngioCare in obtaining the necessary approvals for selling the Products in an overseas market within three months after the directors of AngioCare have decided to enter the market, or (c) fails to enter into any sales agreement for the Products within six months after receiving the relevant approvals;

With respect to the Products to be distributed in China, AngioCare shall sell them to a Terumo Party at an agreed percentage of the Products' public tender price in Beijing. With respect to the Products to be distributed in regions other than China, AngioCare shall sell them to a Terumo Party at a price separately agreed between AngioCare and Terumo. Pursuant to the Terumo Agreements, Iberis® was commercialized by AngioCare from 2013 to 2015 and its sales were ceased in all markets in 2015. Please refer to the paragraph headed "Business — Iberis® — Our First-Generation RDN System" for details. During the Track Record Period and up to the Latest Practicable Date, none of the Products of AngioCare have been commercialized and AngioCare has not sold any Products to any Terumo Party. As such, no sales revenue has been received by AngioCare from Terumo with respect to any Products. The Company will disclose the amount of the sales revenue received by AngioCare from Terumo with respect to sale of the Products each year in its annual reports following the Listing. The supply of the Products by AngioCare to Terumo is regarded as a continuing connected transaction of the Group.

(b) Reason for the Transactions

As the research and development of medical device products require significant capital investment, it is common practice in the medical device industry for the principal medical device developer to spread the risks and costs associated with the medical device development process by cooperating with other business partners, such as pharmaceutical companies. Following such industry practice and after going through the corporate governance procedures as described below, the Company has entered into the Terumo Agreements with Terumo. Terumo is a limited liability company incorporated in the PRC and is a wholly-owned subsidiary of Terumo Corporation (泰爾茂株式會社), a company listed on the Tokyo Stock Exchange (stock code: 4543) with extensive business portfolios ranging from vascular intervention and cardio-surgical solutions, blood transfusion and cell therapy technology, to medical products essential for daily clinical practice. Leveraging on Terumo's well-established product distribution network globally, we believe our strategic alliance will enhance our brand recognition and promote our sales of our RDN product candidates once launched. Frost & Sullivan has confirmed that the cooperation agreements entered into by the Company with the Terumo are in line with the market practice in the medical device industry where medical device developers often engage distributors to sell developed medical devices on a global scale. The revenue generated from such sale is customarily shared between medical device developers and distributors. Taking into consideration of the above and that the terms of the Terumo Agreements are arrived at after arm's length negotiation and in accordance with the corporate governance procedures in place as set out below to ensure that such terms are no less favorable to the Company than terms available to or from independent third parties, the Company believes that the Terumo Agreements are fair and reasonable to the parties thereto, on normal commercial terms and in the interest of the Company and its Shareholders as a whole. With respect to the Products to be distributed in regions other than China, although AngioCare shall sell them to a Terumo Party at a price to be separately agreed

between AngioCare and Terumo, the Company will ensure that the selling price for such Products will be fair and reasonable and on normal commercial terms or better on the following bases: (i) the Company will ensure the pricing process incorporates the corporate governance measures as set out below, including but not limited to evaluating similar arrangements by third parties relating to comparable products from time to time for deal benchmarking and for term sheet evaluation purposes and (ii) the independent non-executive Directors of the Company who have extensive experience in the corporate finance and/or healthcare industries will review the transactions in relation to the Terumo Agreements on an annual basis and confirm in our annual reports the matters set out in Rule 14A.55 of the Listing Rules.

(c) Corporate Governance Measures

During the ordinary and usual course of business of the Company, the Company reviews potential collaboration opportunities from time to time.

When potential collaboration opportunity arises, the Company's research team will collaborate with potential business partners to compile market forecasts for the demand of the product and the competitive landscape of such product in the relevant market. Furthermore, the Company's business development function will evaluate similar arrangements by third parties relating to comparable products with similar mechanism of action from time to time for deal benchmarking and for term sheet evaluation purposes.

In addition, the commercial negotiation with potential business partners are led by certain senior advisers of the Company, who will independently evaluate the terms taking into account all relevant factors as the Company considers necessary. A decision on whether to establish collaborations with another company will be made purely based on commercial considerations and only if the Company considers it is in the best interest of the Company and its shareholders to enter into such cooperation arrangement.

(d) Term of the Terumo Agreements

The Sole Sponsor is of the view that, based on the due diligence it has conducted and taking into consideration (i) the reasons for entering into the Terumo Agreements as set out above, (ii) the market practice in the medical device industry for similar cooperation agreements, and the confirmation from Frost & Sullivan as set out above and (iii) the fact that the relevant arrangements were negotiated on an arm's length basis and in accordance with the corporate governance measures of the Company as set forth above, it is reasonable for each of the Terumo Agreements to be entered into for a term which will continue for 30 years starting from the date of AngioCare obtaining the Business License for Enterprises as Legal Persons from the relevant PRC regulatory authority, and it is normal business practice for agreements of this type to be of such duration.

(e) Historical Transaction Amounts

During the Track Record Period and up to the Latest Practicable Date, none of the Products have been commercialized and AngioCare has not sold any Products to any Terumo Party. As such, there was no historical amount received by the Group from Terumo in relation to AngioCare's supply of the Products to Terumo.

(f) Cap on Future Transaction Amounts

The Company has set the annual cap for the supply of the Products by AngioCare to Terumo under the Terumo Agreements as the formula below. The Company will disclose the actual amounts received from such transactions in its annual reports after Listing.

(i) Cap in relation to the supply of Products by AngioCare to Terumo

With respect to the Products to be distributed in China, the payment to be received from Terumo for the supply of the relevant Products by AngioCare pursuant to the Terumo Agreements will be determined in accordance with the following formula:

Selling price of the Products to Terumo	=	30% x Public tender price of the Products in Beijing(1), subject to a 10% adjustment as separately agreed between AngioCare and Terumo on a case-by-case basis, considering a number of factors

Note:

(1) Such price is determined during public tender processes organized by government agencies or the relevant hospitals in Beijing.

The Company considered the formula set out above is fair and reasonable and in the interest of the Company and its Shareholders as (i) the supply of Products to Terumo is an integral part of the Terumo Agreements, and (ii) supplying products at a reasonable margin is in line with the industry practice. As advised by Frost & Sullivan, it is a normal practice in the PRC for a medical device company to sell its products to its distribution partner at a price calculated as a percentage of 20–40% of the public tender price of such products as regulated by the relevant provincial regulatory authorities in the PRC.

The Company has applied for a waiver from strict compliance with the requirement under Rule 14A.53 of the Listing Rules so as to allow the Company to set the annual cap in relation to continuing connected transactions under the Terumo Agreements as a formula in accordance with the terms as set out in the relevant Terumo Agreements for an initial term of three years for the following reasons:

(1) it is impractical for the Company to accurately estimate the amount of the payment to be received from the cooperation agreements with the Terumo as the amount of the Products to be supplied and the revenue to be derived from the sale of the Products depends on the actual addressable market of the Products, which will in turn depend on various factors including the acceptance by the medical community and patient access, product pricing, reimbursement and the number of affordable patients;

(2) as of the Latest Practicable Date, apart from Iberis® which was commercialized by AngioCare from 2013 to 2015 and which sales were ceased in all markets in 2015, the Company has not commenced commercialisation of any of the Products, and there has been no other RDN product commercialized in China. As such, the Company does not have sufficient reference to enable it to estimate the future transaction volume and amount. Accordingly, imposing an arbitrary monetary cap would be unduly burdensome and not in the interests of the Company's Shareholders after the Listing;

(3) it would also not be in the interest of the Company and the shareholders of the Company to adopt fixed monetary caps for such transactions as such caps will impose an arbitrary ceiling on the profits that the Company could derive from the commercialisation of the relevant products. In addition, such monetary caps would be contrary to the purpose of adopting collaboration arrangements in order to incentivise its business partners based on their performance and would further impose restrictions on the growth of the Company's business and impair the interests of the Company and its Shareholders as whole.

The Stock Exchange has granted the waiver from strict compliance with the requirement under Rule 14A.53 of the Listing Rules in respect of the continuing connected transactions under the Terumo Agreements subject to the following conditions:

(1) the Company will comply with the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules if there is any material change to the terms of the relevant Terumo Agreements;

(2) the Company will designate a team to execute and ensure that the transactions in relation to the Terumo Agreements are undertaken in accordance with the terms of the relevant Terumo Agreements;

(3) the Chief Financial Officer of the Company will use his best endeavors to supervise the compliance with the terms of the relevant Terumo Agreements and applicable Listing Rules requirements to the extent not waived by the Stock Exchange on a regular basis;

(4) the independent non-executive Directors and the auditors of the Company will review the transactions in relation to the Terumo Agreements on an annual basis and confirm in our annual reports the matters set out in Rules 14A.55 and 14A.56 of the Listing Rules, respectively;

(5) the Company will disclose in the prospectus the background for entering into the Terumo Agreements, the terms of the Terumo Agreements, the grounds for the waiver sought and the Directors' and Sole Sponsor's views on the fairness and reasonableness of the transactions under the Terumo Agreements;

(6) as agreed by Terumo, after three years from the commencement of the sales of the Products, the Company will set monetary caps by then by way of entering into separate agreement(s) and making announcement(s) (where appropriate) for the purpose of Rule 14A.53 and such transaction will be subject to, among others, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules if the highest applicable percentage ratio is not less than 5%;

(7) the Company will disclose in its annual report (i) the amount of sales of the Products to Terumo and (ii) a clear description of the basis for calculating the fees received by the Company under the Terumo Agreements and any changes to such basis would be subject to independent shareholders' approval; and

(8) in the event of any future amendments to the Listing Rules imposing more stringent requirements than those as at the date of this prospectus on the above continuing connected transactions, the Company will take immediate steps to ensure compliance with such new requirements.

The waiver set out above is for a term of three years ending on December 31, 2023. The Company will, after taking into account, among other things, the addressable market, the product pricing and the historical transaction amount of the relevant products, re-assess whether a further waiver is required at the expiry of such initial term.

(g) Listing Rules Implications

As the highest applicable percentage ratio in respect of the above annual cap as the Company currently expects is, on an annual basis, not less than 5%, such continuing connected transactions will, upon the Listing, be subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Waiver Application for Non-Exempt Continuing Connected Transactions

As the non-exempt continuing connected transactions described in this section will be carried out on a continuing basis and will extend over a period of time, the Directors consider that strict compliance with the announcement and/or independent shareholders' approval requirements under the Listing Rules would be impractical, unduly burdensome and would impose unnecessary administrative costs on the Company. Accordingly, pursuant to Rule 14A.105 of the Listing Rules, the Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the announcement and independent shareholders' approval requirements in respect of such non-exempt continuing connected transactions described in this section.

For reasons set out in "— *1. Collaboration Arrangements under the Strategic Alliance Agreements with Terumo*" above, the Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 14A.53 of the Listing Rules.

The Company will, however, comply at all times with the other applicable provisions under Chapter 14A of the Listing Rules in respect of such non-exempt continuing connected transactions.

3. Confirmations from the Directors and the Sole Sponsor

The Directors (including the independent non-executive Directors) are of the view that the non-exempt continuing connected transactions described in this section have been and will be entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, that are fair and reasonable and in the interests of the Shareholders of the Company as a whole, and that the proposed monetary annual cap in relation to the payments to be received from Terumo, as determined by the formula set out above for such non-exempt continuing connected transactions described in this section are fair and reasonable and in the interests of Group and the Shareholders of the Company as a whole.

The Sole Sponsor has reviewed the relevant information prepared and provided by the Company relating to the non-exempt continuing connected transactions described in this section, and has obtained confirmations from the Company. Based on the Sole Sponsor's due diligence, the Sole Sponsor is of the view that the non-exempt continuing connected transactions described in this section have been entered into in the ordinary and usual course of business of the Company, on normal commercial terms or better, that are fair and reasonable and in the interests of the Group and the Shareholders as a whole, and that the proposed monetary annual cap in relation to the payments to be received from Terumo, as determined by the formula set out above for such non-exempt continuing connected transactions described in this section is fair and reasonable, and in the interests of the Group and the Shareholders as a whole.

This section presents certain information regarding our share capital prior to and following the completion of the Global Offering.

BEFORE THE GLOBAL OFFERING

As of the Latest Practicable Date, our registered share capital was RMB220,000,000 comprising 100,107,425 Domestic Shares and 119,892,575 Unlisted Foreign Shares, with a nominal value of RMB1.00 each.

UPON COMPLETION OF THE GLOBAL OFFERING

Assuming the Over-allotment Option is not exercised, the share capital of our Company immediately after the Global Offering will be as follows:

	Enlarged issued share capital after the Global Offering (assuming the Over-Allotment Option is not exercised)		**Enlarged issued share capital after the Global Offering (assuming the Over-Allotment Option is exercised in full)**	
Description of Shares	**Number of Shares**	**Approximate percentage of the enlarged issued share capital**	**Number of Shares**	**Approximate percentage of the enlarged issued share capital**
Domestic Shares in issue[(1)]	100,107,425	41.04%	100,107,425	40.44%
Unlisted Foreign Shares in issue[(2)]	82,223,459	33.71%	82,223,459	33.22%
H Shares to be converted from Unlisted Foreign Shares[(3)]	37,669,116	15.44%	37,669,116	15.22%
H Shares to be issued pursuant to the Global Offering[(4)]	23,937,000	9.81%	27,527,500	11.12%
Total	243,937,000	100.00%	247,527,500	100.00%

Notes:

(1) These Domestic Shares in issue are held by our existing Shareholders, including Shanghai Baixinantong, Shanghai Baihate, Tibet Zhenshan Venture Capital Investment L.P. (Limited Partnership), Suzhou Chenzhide Investment L.P. (Limited Partnership), Suzhou Industrial Park Xinjianyuan Phase III Venture Capital L.P. (Limited Partnership), Shanghai Xinbang Yihao Enterprise Management Consulting L.P., Ningbo Meishan Bonded Port Jiami Investment L.P. (Limited Partnership), Qianhai Equity Investment Fund (Limited Partnership), Shanghai Zhangjiang Technology Venture Capital Co., Ltd., Zhongyuan Qianhai Equity Investment L.P. (Limited Partnership), Beijing Cuiweikechuang Equity Investment Fund Center (Limited Partnership) and Mr. Xiangdong Lyu. For details of their shareholdings, please refer to the section headed "History, Development and Corporate Structure" in this prospectus.

(2) These Unlisted Foreign Shares are held by Winning Powerful Limited, Mr. Wang, Magic Grace Limited, Worldwide Healthcare Trust Plc, LVC Revitalization Limited, Winning Forward International Limited, YuanBio Venture Capital L.P., OrbiMed New Horizons Master Fund, L.P. and OrbiMed Genesis Master Fund, L.P. These Unlisted Foreign Shares will not be converted into H Shares after the completion of the Global Offering, and therefore will not be listed on the Stock Exchange. However, these Unlisted Foreign Shares may be converted into H Shares in the future, please see the paragraph headed "— Conversion of Our Unlisted Shares into H Shares" in this section.

(3) These Shares are to be converted from Unlisted Foreign Shares into H Shares and held by existing Shareholders, including TPG Asia VII SF Pte. Ltd., Magic Grace Limited, Worldwide Healthcare Trust Plc, LVC Revitalization Limited, YuanBio Venture Capital L.P., OrbiMed New Horizons Master Fund, L.P., CMV HK Limited and OrbiMed Genesis Master Fund, L.P. Please see the paragraph headed "— Conversion of Our Unlisted Shares into H Shares" in this section.

(4) Offer Shares issued pursuant to the Global Offering represent 9.81% of H Shares in issue after the Global Offering (assuming the Over-Allotment Option is not exercised) and 11.12% of H Shares in issue after the Global Offering (assuming the Over-Allotment Option is fully exercised).

Assuming an Offer Price of HK$21.25, being the low-end of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be issued to public Shareholders would be 23,937,000 Offer Shares (representing approximately 9.81% of total enlarged share capital and approximately HK$509 million upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised)) and 27,527,500 Offer Shares (representing approximately 11.12% of total enlarged share capital and approximately HK$585 million upon the completion of the Global Offering (assuming the Over-allotment Option is exercised in full)).

PUBLIC FLOAT REQUIREMENTS

Rules 8.08(1)(a) and (b) of the Listing Rules require there to be an open market in the securities for which listing is sought and for a sufficient public float of an issuer's listed securities to be maintained. This normally means that (i) at least 25% of the issuer's total issued share capital must at all times be held by the public; and (ii) where an issuer has one class of securities or more apart from the class of securities for which listing is sought, the total securities of the issuer held by the public (on all regulated market(s) including the Stock Exchange) at the time of listing must be at least 25% of the issuer's total issued share capital.

Immediately upon completion of the Global Offering, assuming that (i) 23,937,000 H Shares are issued and sold in the Global Offering; (ii) the Over-allotment Option is not exercised; (iii) 243,937,000 Shares are issued and outstanding upon completion of the Global Offering, based on an Offer Price of HK$21.25 per Offer Share (being the low-end of the indicative Offer Price range), the Company will have a market capitalization of at least HK$375 million held by the public (excluding the Shares to be subscribed by any existing Shareholders).

Based on the information in the above tables, our Company will meet the public float requirement under the Listing Rules after the completion of the Global Offering (whether or not the Over-allotment Option is exercised in full).

SHARE CLASSES

Upon completion of the Global Offering, our Company would have three classes of Shares, namely Domestic Shares, Unlisted Foreign Shares and H Shares. All three classes of Shares are ordinary shares in the share capital of our Company. H Shares may only be subscribed for and traded in Hong Kong dollars (except for H Shares under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and can be traded in Renminbi) between legal and natural persons of Hong Kong, Macau, Taiwan or any country or jurisdiction other than the PRC and qualified domestics institutional investors of the PRC. Apart from certain qualified domestic institutional investors in the PRC, as well as certain PRC qualified investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, H Shares generally cannot be subscribed by or traded among legal and natural persons of the PRC. Domestic Shares, on the other hand, may only be traded in Renminbi and can only be subscribed by or traded among legal and natural persons of the PRC, qualified foreign institutional investors or qualified foreign strategic investors. We have not approved any share issue plan other than the Global Offering.

RANKING

Domestic Shares, Unlisted Foreign Shares and H Shares are regarded as different classes of Shares under the Articles of Association. The differences among all three 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 shareholders, the method of share transfer and appointment of dividend receiving agents are set forth in the Articles of Association and summarized in the Appendix V to this prospectus. Except for the differences above, our Unlisted Shares and H Shares will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus. We must pay all dividends in respect of H Shares in Hong Kong dollars, all dividends in respect of Domestic Shares in Renminbi and all dividends in respect of all Unlisted Foreign Shares in foreign currency except for Renminbi. In addition to cash, dividends may be distributed in the form of Shares. However, the transfer of the Unlisted Shares is subject to such restrictions as PRC laws may impose from time to time.

CONVERSION OF OUR UNLISTED SHARES INTO H SHARES

Following the completion of the Global Offering and according to the approvals issued by the CSRC on June 4, 2021, the Foreign Shares held by the following individuals and entities will be converted into H Shares on a one-for-one basis and listed on Stock Exchange for trading:

Shareholder	Number of Shares Converted into H Shares[(1)]
TPG Asia VII SF Pte. Ltd	20,753,025
Magic Grace Limited	3,289,054
Worldwide Healthcare Trust Plc	2,987,823
LVC Revitalization Limited	6,314,791
YuanBio Venture Capital L.P.	2,227,574
OrbiMed New Horizons Master Fund, L.P.	448,173
CMV HK Limited	1,349,893
OrbiMed Genesis Master Fund, L.P.	298,783

Note:

(1) As these entities will not be core connected persons of our Company upon Listing, are not accustomed to take instructions from core connected persons in relation to the acquisition, disposal, voting or other disposition of their Shares and their acquisition of Shares were not financed directly or indirectly by core connected persons, the H Shares held by them will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rule after Listing.

Conversion of Unlisted Shares into H Shares

After the completion of the Global Offering, we have three classes of ordinary shares, namely Domestic Shares, Unlisted Foreign Shares and H Shares. Our Domestic Shares and Unlisted Foreign Shares are Unlisted Shares which are currently not listed or traded on any stock exchange. According to the stipulations by the State Council's securities regulatory authority and the Articles of Association, the holders of our Domestic Shares and Unlisted Foreign Shares may, at their own option, authorize the Company to apply to the CSRC for conversion of their respective Shares to H Shares. After the conversion of Domestic Shares and Unlisted Foreign Shares, such converted Shares may be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted shares any requisite internal approval processes shall have been duly completed and the approval from the relevant PRC regulatory authorities, including the CSRC, shall have been obtained. In addition, such conversion, trading and listing shall in all respects comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. To the best knowledge of our Directors, we are not aware of the intention of such existing Shareholders to convert their Domestic Shares or Unlisted Foreign Shares.

Approval of the Stock Exchange is required for the listing of such converted shares on the Stock Exchange. Based on the methodology and procedures for the conversion of our Domestic Shares and Unlisted Shares into H Shares as described in this section, we can apply for the listing of all or any portion of our Unlisted 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 any listing of additional Shares after our Listing 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.

After all the requisite approvals have been obtained, the following procedure will need to be completed in order to effect the conversion: the relevant Unlisted Shares will be withdrawn from the Domestic Share register and/or the Unlisted Foreign Share register and we will re-register such Shares on our H Share register maintained in Hong Kong and instruct the H Share Registrar to issue H Share certificates. Registration on our H Share register will be conditional on (a) the 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.

No Shareholder voting by class is required for the listing and trading of the 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 Shareholders and the public of such proposed conversion.

In view of the above, our PRC Legal Adviser has advised us that the Articles of Association of our Company does not contradict any PRC laws and regulations in the conversion of Unlisted Shares.

SHAREHOLDERS' GENERAL MEETINGS AND CLASS MEETINGS

For details of circumstances under which Shareholders' general meeting and Shareholders' class meeting are required, please refer to "Appendix IV — Summary of Principal Laws and Regulations" to this prospectus.

REGISTRATION OF SHARES NOT LISTED ON AN OVERSEAS STOCK EXCHANGE

According to the Notice of Centralized Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange (《關於境外上市公司非境外上市股份集中登記存管有關事宜的通知》) issued by the CSRC, an overseas listed company is required to register its shares that are not listed on any overseas stock exchange with China Securities Depository and Clearing Corporation Limited within 15 business days upon its listing 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.

LOCK-UP PERIODS

In accordance with the PRC Company Law, the shares issued prior to any public offering of shares by a company cannot be transferred within one year from the date on which such publicly offered shares are listed and traded on the relevant stock exchange. As such, the Shares issued by our Company prior to the issue of H Shares will be subject to such statutory restriction on transfer within a period of one year from the Listing Date.

Our Directors, Supervisors and members of the senior management of our Company shall declare their shareholdings in our Company and any changes in their shareholdings. Shares transferred by our Directors, Supervisors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in our Company. The Shares that the aforementioned persons held in our Company cannot be transferred within one year from the date on which the shares are listed and traded, nor within half a year after they leave their positions in our Company. The Articles of Association may contain other restrictions on the transfer of the Shares held by our Directors, Supervisors and members of senior management of our Company.

So far as our Directors are aware, immediately following the completion of the Global Offering and without taking into account any H Shares which may be issued pursuant to the exercise of the Over-allotment Option, the following persons will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company:

	Capacity/nature of interest	Class of Shares held after the Global Offering	Number of Shares	Approximate percentage of shareholding in the issued share capital of our Company as of the date of this prospectus	Approximate percentage of shareholding in the relevant class of Shares after the Global Offering (assuming no exercise of the Over-allotment Option)	Approximate percentage of shareholding in the issued share capital of our Company after the Global Offering (assuming no exercise of the Over-allotment Option)[1]
Mr. Wang[2]	Beneficial interest; interest in controlled corporation	Domestic Shares	53,364,501	24.26%	53.31%	21.88%
		Unlisted Foreign Shares	53,359,262	24.25%	64.90%	21.87%
Winning Powerful Limited[2]	Beneficial interest	Unlisted Foreign Shares	45,645,584	20.75%	55.51%	18.71%
Shanghai Baihate[2]	Beneficial interest	Domestic Shares	25,402,420	11.55%	25.38%	10.41%
Shanghai Baixinantong[2][3]	Beneficial interest	Domestic Shares	27,962,081	12.71%	27.93%	11.46%
Jay QIN[3]	Interest in controlled corporation	Domestic Shares	27,962,081	12.71%	27.93%	11.46%
Tibet Zhenshan Venture Capital Investment L.P. (Limited Partnership)[4]	Beneficial interest	Domestic Shares	16,717,998	7.60%	16.70%	6.85%
Xu YANG[4]	Interest in controlled corporation	Domestic Shares	16,717,998	7.60%	16.70%	6.85%
Suzhou Meimingyang Investment Management Co., Ltd.[4]	Interest in controlled corporation	Domestic Shares	16,717,998	7.60%	16.70%	6.85%
Kun YANG[4]	Interest in controlled corporation	Domestic Shares	16,717,998	7.60%	16.70%	6.85%
Shulan ZHONG[4]	Interest in controlled corporation	Domestic Shares	16,717,998	7.60%	16.70%	6.85%
TPG ASIA VII SF PTE. LTD.[5]	Beneficial interest	H Shares	20,753,025	9.43%	33.69%	8.51%
TPG Asia VII Finance, Limited Partnership[5]	Interest in controlled corporation	H Shares	20,753,025	9.43%	33.69%	8.51%
TPG Asia GenPar VII, L.P. [5]	Interest in controlled corporation	H Shares	20,753,025	9.43%	33.69%	8.51%
TPG Asia GenPar VII Advisors, Inc.[5]	Interest in controlled corporation	H Shares	20,753,025	9.43%	33.69%	8.51%
TPG Holdings III, L.P. [5]	Interest in controlled corporation	H Shares	20,753,025	9.43%	33.69%	8.51%

	Capacity/nature of interest	Class of Shares held after the Global Offering	Number of Shares	Approximate percentage of shareholding in the issued share capital of our Company as of the date of this prospectus	Approximate percentage of shareholding in the relevant class of Shares after the Global Offering (assuming no exercise of the Over-allotment Option)	Approximate percentage of shareholding in the issued share capital of our Company after the Global Offering (assuming no exercise of the Over-allotment Option)[1]
TPG Holdings III-A, L.P.[5]	Interest in controlled corporation	H Shares	20,753,025	9.43%	33.69%	8.51%
TPG Holdings III-A, Inc.[5]	Interest in controlled corporation	H Shares	20,753,025	9.43%	33.69%	8.51%
TPG Group Holdings (SBS), L.P.[5]	Interest in controlled corporation	H Shares	20,753,025	9.43%	33.69%	8.51%
TPG Group Holdings (SBS) Advisors, LLC[5]	Interest in controlled corporation	H Shares	20,753,025	9.43%	33.69%	8.51%
TPG Group Holdings (SBS) Advisors, Inc.[5]	Interest in controlled corporation	H Shares	20,753,025	9.43%	33.69%	8.51%
David Bonderman[5]	Interest in controlled corporation	H Shares	20,753,025	9.43%	33.69%	8.51%
James G. Coulter[5]	Interest in controlled corporation	H Shares	20,753,025	9.43%	33.69%	8.51%
Suzhou Chenzhide Investment L.P. (Limited Partnership)[6]	Beneficial interest	Domestic Shares	9,954,710	4.52%	9.94%	4.08%
Shanghai Jiachen Investment Co., Ltd.[6]	Interest in controlled corporation	Domestic Shares	9,954,710	4.52%	9.94%	4.08%
Yuren TAN[6]	Interest in controlled corporation	Domestic Shares	9,954,710	4.52%	9.94%	4.08%
Magic Grace Limited[7]	Beneficial interest	H Shares	3,289,054	1.50%	5.34%	1.35%
		Unlisted Foreign Shares	8,934,044	4.06%	10.87%	3.66%
LC Healthcare Fund II, L.P.[7]	Interest in controlled corporation	H Shares	3,289,054	1.50%	5.34%	1.35%
		Unlisted Foreign Shares	8,934,044	4.06%	10.87%	3.66%
Great Unity Fund I, L.P.[7]	Interest in controlled corporation	H Shares	3,289,054	1.50%	5.34%	1.35%
		Unlisted Foreign Shares	8,934,044	4.06%	10.87%	3.66%
SK China Company Limited[7]	Interest in controlled corporation	H Shares	3,289,054	1.50%	5.34%	1.35%
		Unlisted Foreign Shares	8,934,044	4.06%	10.87%	3.66%
Proud Solar Limited[7]	Interest in controlled corporation	H Shares	3,289,054	1.50%	5.34%	1.35%
		Unlisted Foreign Shares	8,934,044	4.06%	10.87%	3.66%
Loft Success Investments Limited[7]	Interest in controlled corporation	H Shares	3,289,054	1.50%	5.34%	1.35%
		Unlisted Foreign Shares	8,934,044	4.06%	10.87%	3.66%

	Capacity/nature of interest	Class of Shares held after the Global Offering	Number of Shares	Approximate percentage of shareholding in the issued share capital of our Company as of the date of this prospectus	Approximate percentage of shareholding in the relevant class of Shares after the Global Offering (assuming no exercise of the Over-allotment Option)	Approximate percentage of shareholding in the issued share capital of our Company after the Global Offering (assuming no exercise of the Over-allotment Option)[1]
Right Lane Limited[7]	Interest in controlled corporation	H Shares	3,289,054	1.50%	5.34%	1.35%
		Unlisted Foreign Shares	8,934,044	4.06%	10.87%	3.66%
Legend Holdings Corporation[7]	Interest in controlled corporation	H Shares	3,289,054	1.50%	5.34%	1.35%
		Unlisted Foreign Shares	8,934,044	4.06%	10.87%	3.66%
LC Healthcare Fund II GP Limited[7]	Interest in controlled corporation	H Shares	3,289,054	1.50%	5.34%	1.35%
		Unlisted Foreign Shares	8,934,044	4.06%	10.87%	3.66%
LC Fund GP Limited[7]	Interest in controlled corporation	H Shares	3,289,054	1.50%	5.34%	1.35%
		Unlisted Foreign Shares	8,934,044	4.06%	10.87%	3.66%
Union Season Holdings Limited[7]	Interest in controlled corporation	H Shares	3,289,054	1.50%	5.34%	1.35%
		Unlisted Foreign Shares	8,934,044	4.06%	10.87%	3.66%
Legend Capital Co., Ltd.[7]	Interest in controlled corporation	H Shares	3,289,054	1.50%	5.34%	1.35%
		Unlisted Foreign Shares	8,934,044	4.06%	10.87%	3.66%
Beijing Juncheng Hezhong Investment Management Partnership Enterprises (Limited Partnership)[7]	Interest in controlled corporation	H Shares	3,289,054	1.50%	5.34%	1.35%
		Unlisted Foreign Shares	8,934,044	4.06%	10.87%	3.66%
Beijing Junqi Jiarui Business Management Limited[7]	Interest in controlled corporation	H Shares	3,289,054	1.50%	5.34%	1.35%
		Unlisted Foreign Shares	8,934,044	4.06%	10.87%	3.66%
Tianjin Huizhi No.1 Investment Management Partnership Enterprises (Limited Partnership)[7]	Interest in controlled corporation	H Shares	3,289,054	1.50%	5.34%	1.35%
		Unlisted Foreign Shares	8,934,044	4.06%	10.87%	3.66%
Tianjian Junlian Jieyou Investment Management Partnership Enterprises (Limited Partnership)[7]	Interest in controlled corporation	H Shares	3,289,054	1.50%	5.34%	1.35%
		Unlisted Foreign Shares	8,934,044	4.06%	10.87%	3.66%
Beijing Junqi Jiarui Business Management Limited[7]	Interest in controlled corporation	H Shares	3,289,054	1.50%	5.34%	1.35%
		Unlisted Foreign Shares	8,934,044	4.06%	10.87%	3.66%
Linan ZHU[7]	Interest in controlled corporation	H Shares	3,289,054	1.50%	5.34%	1.35%
		Unlisted Foreign Shares	8,934,044	4.06%	10.87%	3.66%

	Capacity/nature of interest	Class of Shares held after the Global Offering	Number of Shares	Approximate percentage of shareholding in the issued share capital of our Company as of the date of this prospectus	Approximate percentage of shareholding in the relevant class of Shares after the Global Offering (assuming no exercise of the Over-allotment Option)	Approximate percentage of shareholding in the issued share capital of our Company after the Global Offering (assuming no exercise of the Over-allotment Option)[1]
Hao CHEN[7]	Interest in controlled corporation	H Shares	3,289,054	1.50%	5.34%	1.35%
		Unlisted Foreign Shares	8,934,044	4.06%	10.87%	3.66%
Nengguang WANG[7]	Interest in controlled corporation	H Shares	3,289,054	1.50%	5.34%	1.35%
		Unlisted Foreign Shares	8,934,044	4.06%	10.87%	3.66%
LVC Revitalization Limited[8]	Beneficial interest	H Shares	6,314,791	2.87%	10.25%	2.59%
		Unlisted Foreign Shares	3,668,246	1.67%	4.46%	1.50%
Golden Valley Global Limited[8]	Interest in controlled corporation	H Shares	6,314,791	2.87%	10.25%	2.59%
		Unlisted Foreign Shares	3,668,246	1.67%	4.46%	1.50%
Shanghai Lehong Investment Partnership[8]	Interest in controlled corporation	H Shares	6,314,791	2.87%	10.25%	2.59%
		Unlisted Foreign Shares	3,668,246	1.67%	4.46%	1.50%
Shanghai Tanying Investment Partnership[8]	Interest in controlled corporation	H Shares	6,314,791	2.87%	10.25%	2.59%
		Unlisted Foreign Shares	3,668,246	1.67%	4.46%	1.50%
Shanghai Shengge Investment Management Co., Ltd.[8]	Interest in controlled corporation	H Shares	6,314,791	2.87%	10.25%	2.59%
		Unlisted Foreign Shares	3,668,246	1.67%	4.46%	1.50%
Shanghai Shengdao Investment Partnership[8]	Interest in controlled corporation	H Shares	6,314,791	2.87%	10.25%	2.59%
		Unlisted Foreign Shares	3,668,246	1.67%	4.46%	1.50%
Shanghai Lejin Investment Partnership[8]	Interest in controlled corporation	H Shares	6,314,791	2.87%	10.25%	2.59%
		Unlisted Foreign Shares	3,668,246	1.67%	4.46%	1.50%
Lijun LIN[8]	Interest in controlled corporation	H Shares	6,314,791	2.87%	10.25%	2.59%
		Unlisted Foreign Shares	3,668,246	1.67%	4.46%	1.50%
Suzhou Industrial Park Xinjianyuan Phase III Venture Capital L.P. (Limited Partnership)[9]	Beneficial interest	Domestic Shares	5,577,993	2.54%	5.57%	2.29%
Suzhou Xinjianyuan Group Holding Co., Ltd.[9]	Interest in controlled corporation	Domestic Shares	5,577,993	2.54%	5.57%	2.29%
Suzhou Industrial Park Zhao Run Investment Group Holding Co., Ltd.[9]	Interest in controlled corporation	Domestic Shares	5,577,993	2.54%	5.57%	2.29%

	Capacity/nature of interest	Class of Shares held after the Global Offering	Number of Shares	Approximate percentage of shareholding in the issued share capital of our Company as of the date of this prospectus	Approximate percentage of shareholding in the relevant class of Shares after the Global Offering (assuming no exercise of the Over-allotment Option)	Approximate percentage of shareholding in the issued share capital of our Company after the Global Offering (assuming no exercise of the Over-allotment Option)[1]
Suzhou Industrial Park Management Committee[9]	Interest in controlled corporation	Domestic Shares	5,577,993	2.54%	5.57%	2.29%
Xiaoyun Chen[9]	Interest in controlled corporation	Domestic Shares	5,577,993	2.54%	5.57%	2.29%
Suzhou Industrial Park Zhinuo Business Information Consulting Co., Ltd.[9]	Interest in controlled corporation	Domestic Shares	5,577,993	2.54%	5.57%	2.29%
Jie Chen[9]	Interest in controlled corporation	Domestic Shares	5,577,993	2.54%	5.57%	2.29%
OrbiMed Capital LLC[10]	Interest in controlled corporation	Unlisted Foreign Shares	7,336,169	3.33%	8.92%	3.01%
		H Shares	2,987,823	1.36%	4.85%	1.22%
Worldwide Healthcare Trust Plc[10]	Beneficial interest	Unlisted Foreign Shares	7,336,169	3.33%	8.92%	3.01%
		H Shares	2,987,823	1.36%	4.85%	1.22%
Zhu Yin[11]	Interest in controlled corporation	Unlisted Foreign Shares	5,900,492	2.68%	7.18%	2.42%
Winning Forward International Limited[11]	Beneficial interest	Unlisted Foreign Shares	5,900,492	2.68%	7.18%	2.42%

Notes:

(1) The calculation is based on the total number of 243,937,000 Shares in issue immediately after completion of the Global Offering (without taking into account the H Shares which may be issued upon the exercise of the Over-allotment Option).

(2) Winning Powerful Limited is wholly owned by Mr. Wang. In addition, Mr. Wang is the sole executive partner of Shanghai Baixinantong and a limited partner who contributed more than one-third of the capital of Shanghai Baihate, each of which is a limited partnership established in the PRC and serves as an employee incentive platform. Accordingly, under the SFO, Mr. Wang is deemed to be interested in the equity interests held by Winning Powerful Limited, Shanghai Baixinantong and Shanghai Baihate, in addition to the equity interests he directly owns.

(3) Mr. Qin is a limited partner who contributed more than one-third of the capital of Shanghai Baixinantong. Accordingly, under the SFO, Mr. Qin is deemed to be interested in the equity interests held by Shanghai Baixinantong.

(4) Tibet Zhenshan Venture Capital Investment L.P. (Limited Partnership) is owned as to 99.9% by Xu YANG (楊旭) as limited partner and 0.1% by Suzhou Meimingyang Investment Management Co., Ltd. (蘇州美明陽投資管理有限公司) as general partner. Suzhou Meimingyang Investment Management Co., Ltd. is owned as to 50% by Kun YANG (楊坤) and 50% by Shulan ZHONG (鐘淑蘭). Accordingly, under the SFO, Xu YANG, Suzhou Meimingyang Investment Management Co., Ltd. and Shulan ZHONG are deemed to be interested in the equity interests held by Tibet Zhenshan Venture Capital Investment L.P. (Limited Partnership).

(5) Each of TPG Asia VII Finance, Limited Partnership (as sole ordinary shareholder of TPG Asia VII SF Pte. Ltd.), TPG Asia GenPar VII, L.P. (as a general partner of TPG Asia VII Finance, Limited Partnership), TPG Asia GenPar VII Advisors, Inc. (as a general partner of TPG Asia GenPar VII, L.P.), TPG Holdings III, L.P. (as the sole ordinary shareholder of TPG Asia GenPar VII Advisors, Inc.), TPG Holdings III-A, L.P. (as a general partner of TPG Holdings III, L.P.), TPG Holdings III-A, Inc. (as a general partner of TPG Holdings III-A, L.P.), TPG Group Holdings (SBS), L.P. (as the sole ordinary shareholder of TPG Holdings III-A, Inc.), TPG Group Holdings (SBS) Advisors, LLC (as a general partner of TPG Group Holdings (SBS), L.P.) and TPG Group Holdings (SBS) Advisors, Inc. (as the managing member of TPG Group Holdings (SBS) Advisors, LLC) is deemed to be interested in the Shares held by TPG Asia VII SF Pte. Ltd. under the SFO. TPG Group Holdings (SBS) Advisors, Inc. is controlled by David BONDERMAN and James G. COULTER, who disclaim beneficial ownership of the Shares held by TPG Asia VII SF Pte. Ltd. except to the extent of their pecuniary interest therein.

(6) Suzhou Chenzhide Investment L.P. (Limited Partnership) is owned as to 0.60% by Shanghai Jiachen Investment Co., Ltd. (上海甲辰投資有限公司) as general partner. Shanghai Jiachen Investment Co., Ltd. is wholly owned by Yuren TAN (談玉仁). Accordingly, under the SFO, Shanghai Jiachen Investment Co., Ltd. and Yuren TAN are deemed to be interested in the equity interests held by Suzhou Chenzhide Investment L.P. (Limited Partnership).

(7) Magic Grace Limited is owned as to 79.63% by LC Healthcare Fund II, L.P., which is owned as to 78.56% by Great Unity Fund I, L.P. as limited partner and 1% by LC Healthcare Fund II GP Limited as general partner.

Great Unity Fund I, L.P. is owned as to 48.69% by SK China Company Limited as limited partner, 48.69% by Proud Solar Limited as limited partner and 1% by LC Fund GP Limited as general partner. Proud Solar Limited is wholly owned by Loft Success Investments Limited, a wholly-owned subsidiary of Right Lane Limited, which is in turn wholly owned by Legend Holdings Corporation, a company listed on the Stock Exchange (stock code: 3396).

LC Healthcare Fund II GP Limited is wholly owned by Union Season Holdings Limited, a wholly-owned subsidiary of Legend Capital Co., Ltd. (君聯資本管理股份有限公司), which is in turn owned as to 80% by Beijing Juncheng Hezhong Investment Management Partnership Enterprises (Limited Partnership) (北京君誠合眾投資管理合夥企業(有限合夥)), which is owned as to 58.12% by Tianjin Huizhi No.1 Investment Management Partnership Enterprises (Limited Partnership) (天津匯智一號企業管理諮詢合夥企業(有限合夥)) as limited partner, 41.87% by Tianjian Junlian Jieyou Investment Management Partnership Enterprises (Limited Partnership) (天津君聯傑佑企業管理諮詢合夥企業(有限合夥)) as limited partner and 0.01% by Beijing Junqi Jiarui Business Management Limited (北京君祺嘉睿企業管理有限公司) as general partner, which is held as to 20% by Nengguang WANG and 40% by Hao CHEN. Tianjin Huizhi No.1 Investment Management Partnership Enterprises (Limited Partnership) is owned as to 40.11% by Linan ZHU as limited partner and 1.39% by Beijing Junqi Jiarui Business Management Limited as general partner. Tianjian Junlian Jieyou Investment Management Partnership Enterprises (Limited Partnership) is owned as to 1.92% by Beijing Junqi Jiarui Business Management Limited as general partner.

As such, under the SFO, each of LC Healthcare Fund II, L.P., Great Unity Fund I, L.P., LC Healthcare Fund II GP Limited, SK China Company Limited, Proud Solar Limited, LC Fund GP Limited, Loft Success Investments Limited, Right Lane Limited, Legend Holdings Corporation, Union Season Holdings Limited, Legend Capital Co., Ltd., Beijing Juncheng Hezhong Investment Management Partnership Enterprises (Limited Partnership), Tianjin Huizhi No.1 Investment Management Partnership Enterprises (Limited Partnership), Beijing Junqi Jiarui Business Management Limited, Nengguang WANG, Hao CHEN, Linan ZHU and Tianjian Junlian Jieyou Investment Management Partnership Enterprises (Limited Partnership) is deemed to be interested in the equity interests held by Magic Grace Limited.

(8) LVC Revitalization Limited is wholly owned by Golden Valley Global Limited, a wholly-owned subsidiary of Shanghai Lehong Investment Partnership (上海樂泓投資合夥企業(有限合夥)) which is in turn owned as to 0.002% by Shanghai Shengge Investment Management Co., Ltd. (上海正心谷投資管理有限公司) as general partner and 99.99% by Shanghai Tanying Investment Partnership (上海檀英投資合夥企業(有限合夥)) as limited partner. Shanghai Tanying Investment Partnership is owned as to 99.99% by Shanghai Lejin Investment Partnership (上海樂進投資合夥企業(有限合夥)) as limited partner, the general partner of which is Shanghai Shengdao Investment Partnership (上海盛道投資合夥企業(有限合夥)), and 0.01% by Shanghai Shengge Investment Management Co., Ltd. as general partner, a wholly-owned company of Lijun LIN. Shanghai Shengdao Investment Partnership is owned as to 1% by Lijun LIN as general partner.

As such, under the SFO, each of Golden Valley Global Limited, Shanghai Lehong Investment Partnership, Shanghai Shengge Investment Management Co., Ltd., Shanghai Tanying Investment Partnership, Shanghai Lejin Investment Partnership, Shanghai Shengdao Investment Partnership and Lijun LIN is deemed to be interested in the equity interests held by LVC Revitalization Limited.

(9) Suzhou Industrial Park Xinjianyuan Phase III Venture Capital L.P. (Limited Partnership) is owned as to 30.72% by Suzhou Xinjianyuan Group Holding Co., Ltd. (蘇州新建元控股集團有限公司) as limited partner and 0.15% by Suzhou Industrial Park Yuanfu Investment Management L.P. (Limited Partnership) (蘇州工業園區元福創業投資管理(有限合夥) as general partner. Suzhou Xinjianyuan Group Holding Co., Ltd. is in turn owned as to 72.58% by Suzhou Industrial Park Zhao Run Investment Group Holding Co., Ltd. (蘇州工業園區兆潤投資控股集團有限公司), which is wholly owned by the Suzhou Industrial Park Management Committee (蘇州工業園區管理委員會). Suzhou Industrial Park Yuanfu Investment Management L.P. (Limited Partnership) is owned as to 91.00% by Xiaoyun Chen (陳曉雲) as limited partner and 1.00% by Suzhou Industrial Park Zhinuo Business Information Consulting Co., Ltd. (蘇州工業園區智諾商務資訊諮詢有限公司) as general partner, which is owned as to 99.00% by Jie Chen (陳傑).

As such, under the SFO, each of Suzhou Xinjianyuan Group Holding Co., Ltd., Suzhou Industrial Park Yuanfu Investment Management L.P. (Limited Partnership), Suzhou Industrial Park Zhao Run Investment Group Holding Co., Ltd., Suzhou Industrial Park Management Committee, Xiaoyun Chen, Suzhou Industrial Park Zhinuo Business Information Consulting Co., Ltd. and Jie Chen is deemed to be interested in the equity interests held by Suzhou Industrial Park Xinjianyuan Phase III Venture Capital L.P. (Limited Partnership).

(10) Worldwide Healthcare Trust Plc ("**WWH**") is a publicly-listed investment trust organized under the laws of England. WWH is listed on the London Stock Exchange (LON: WWH). OrbiMed Capital LLC is the portfolio manager of WWH. As such, under the SFO, OrbiMed Capital LLC is deemed to be interested in the equity interests held by WWH.

(11) Winning Forward International Limited is wholly owned by Zhu Yin (朱寅). As such, under the SFO, Zhu Yin is deemed to be interested in the equity interests held by Winning Forward International Limited.

Save as disclosed herein, our Directors are not aware of any persons who will, immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised), without taking into account the Offer Shares that may be taken up under the Global Offering, have interests or short positions in Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

BOARD OF DIRECTORS

The following table sets forth general information regarding our current Directors:

Name	Position	Age	Date of appointment as Director	Time of joining the Group	Role and responsibilities	Relationship with other Directors, Supervisors and senior management
Mr. Philip Li WANG (汪立)	Executive Director, Chairman of the Board, General Manager	53	December 8, 2014	July 18, 2014	Overall strategic planning, business direction and operational management	None
Mr. Yunqing WANG (王雲磬)	Executive Director, Chief Financial Officer, Board Secretary, Joint Company Secretary	37	September 4, 2020	September 4, 2020	Overall financial management	None
Ms. Li CAI (蔡俐)	Non-executive Director	38	September 23, 2020	September 23, 2020	Participating in decision-making in respect of major matters such as corporate and business strategies	None
Mr. Quan ZHOU (周琟)	Non-executive Director	46	September 4, 2020	September 4, 2020	Participating in decision-making in respect of major matters such as corporate and business strategies	None
Mr. Ji CHEN (陳紀)	Non-executive Director	34	November 24, 2020	November 24, 2020	Participating in decision-making in respect of major matters such as corporate and business strategies	None
Mr. Jie YIN (陰杰)	Non-executive Director	46	November 1, 2019	November 1, 2019	Participating in decision-making in respect of major matters such as corporate and business strategies	None
Mr. Charles Sheung Wai CHAN (陳尚偉)	Independent Non-executive Director	67	November 24, 2020	November 24, 2020	Supervising and providing independent judgment to our Board	None

Name	Position	Age	Date of appointment as Director	Time of joining the Group	Role and responsibilities	Relationship with other Directors, Supervisors and senior management
Mr. Xubo LU (鲁旭波)	Independent Non-executive Director	41	November 24, 2020	November 24, 2020	Supervising and providing independent judgment to our Board	None
Mr. George Chien Cheng LIN (林潔誠)	Independent Non-executive Director	51	November 24, 2020	November 24, 2020	Supervising and providing independent judgment to our Board	None

Our board currently consists of nine Directors, comprising two executive Directors, four non-executive Directors, and three independent non-executive Directors. Pursuant to the Articles of Association, our Directors are elected and appointed by our Shareholders at a Shareholders' meeting for a term of three years, which is renewable upon re-election and re-appointment.

The following sets forth the biographies of our Directors:

Executive Directors

Mr. Philip Li WANG (汪立), aged 53, was appointed as a Director on December 8, 2014, and redesignated as an executive Director on November 24, 2020. Mr. Wang is the founder of our Company and has been serving as the chairman of the Board and the general manager of our Company since its inception. Mr. Wang is primarily responsible for the overall strategic planning, business direction and operational management of our Group.

Mr. Wang is also the founder of AngioCare and has served as a director since September 2011.

Mr. Wang has over 24 years of experience in the interventional cardiovascular medical device industry. From 2002 to 2012, he had successively served as the chief marketing officer and the chief operating officer of MicroPort Scientific Corporation, a medical device company which manufactures, markets and distributes high-end medical devices globally and is listed on the Stock Exchange (stock code: 0853). From April 2013 to April 2019, he was a director at Shanghai Kinetic Medical Co., Ltd. (上海凯利泰醫療科技股份有限公司), a medical device company principally engaged in the research, development, manufacture and sale of minimally invasive surgical systems and is listed on the Shenzhen Stock Exchange (stock code: 300326). From 2013 to December 2020, he served as the Chairman and CEO of Essen Technology (Beijing) Co., Ltd. (易生科技(北京)有限公司), an interventional cardiovascular device company in China with a current focus on the research and development of DES products, which was a wholly-owned subsidiary of Terumo during the Track Record Period and up to the Latest Practicable Date. We have received a written acknowledgement from Essen Technology with respect to the interests and ownership of our intellectual property,

which confirms that we are not required to obtain the prior consent of Essen Technology before registering our patents and that Essen Technology is not entitled to make any claim against our Company or challenge the registration of any of our patents. In September 2020, he was appointed by Fudan University (復旦大學) as an industry mentor for the doctorate program in biology and medicine.

Mr. Wang received his bachelor of arts in international relations and his master's degree in business administration from the University of California at Davis in the United States in June 1993 and June 1996 respectively.

Mr. Yunqing WANG (王雲磬), aged 37, was appointed as a Director on September 4, 2020, and redesignated as an executive Director on November 24, 2020. He was also appointed as the chief financial officer and board secretary on November 24, 2020, and joint company secretary on December 9, 2020. Since joining our Group, Mr. Yunqing Wang has participated in the daily operations of our Group and is primarily responsible for the overall financial management of our Group.

From September 2006 to December 2011, Mr. Yunqing Wang had served as an audit manager at Ernst & Young Hua Ming LLP (安永華明會計師事務所上海分所). From December 2011 to October 2015, he had served as a senior manager at PricewaterhouseCoopers Consultants (Shenzhen) Limited. From October 2015 to September 2020, Mr. Yunqing Wang had successively served as an executive director and a deputy general manager at Shanghai Qianji Xinghe Venture Capital Management Co., Ltd. (上海千驥星鶴創業投資管理有限公司).

Mr. Yunqing Wang obtained his bachelor's degree in financial management from Zhejiang University (浙江大學) in June 2006 and his master's degree in business administration from the China Europe International Business School (中歐國際工商學院) in August 2019. Mr. Yunqing Wang is a member of the Shanghai Institute of Certified Public Accountants since April 2012.

Non-executive Directors

Ms. Li CAI (蔡俐), aged 38, was appointed as a Director on September 23, 2020, and redesignated as a non-executive Director on November 24, 2020. Ms. Cai is primarily responsible for participating in decision-making in respect of major matters such as corporate and business strategies.

From 2007 through 2008, Ms. Cai worked as a research analyst at Credit Suisse AG (New York), where she was responsible for equity research for large cap of medical supplies and devices companies. From March 2009 to July 2011, Ms. Cai worked as an investment associate at HAO Capital (Haotian Jinsheng Investment Management) (Beijing) Limited (浩天金聲投資管理顧問(北京)有限公司), focusing on growth stage healthcare investments. Ms. Cai joined TPG Capital in August 2011 and currently serves as a managing director of TPG Capital, a leading global alternative asset firm. She is responsible for TPG Capital's healthcare investments in Greater China.

Outside our Group, Ms. Cai currently holds the following positions:

- a managing director at TPG Capital;
- a non-executive director at Kangji Medical Holdings Limited, a company listed on the Hong Kong Stock Exchange (stock code: 9997), since March 2020;
- a director at Zhejiang Choisun Tea Development Co., Ltd. (浙江久晟油茶科技股份有限公司) since December 2015, whose shares were once traded on the National Equities Exchange and Quotations;
- a supervisor at Shanghai Deyu Deqi Enterprise Management Consulting Co., Ltd. (上海德虞得起企業管理諮詢有限公司) since November 2016;
- a director at PPC Holding Company since August 2017, PPC Intermediate Holding Company since August 2017, PPC K.K. since September 2017, PPC Korea Co., Ltd. since August 2017, PPC China Corporation Limited (上海百利佳生醫藥科技有限公司) since October 2017, PPC China Clinical Research Corporation Limited (上海立興佳生醫藥科技有限公司) since February 2018, Bailixing (Xiamen) Equity Investment Co., Ltd. (百立興(廈門)股權投資有限公司) since August 2017, Acrostar Pharmaservices Corporation (徐州立順康達醫藥科技有限公司) since August 2017, Acrostar Site Management Co., Ltd. (南京立順康達醫藥科技有限公司) since January 2019, Biosuntek Laboratory Co., Ltd. since December 2019, Novotech Aus Holdco Pty Ltd since July 2020, Novotech Holdings Pty Ltd since July 2020, Novotech (Australia) Pty Ltd since July 2020, and Novotech Health Holdings Pte. Ltd. since December 2020, respectively, which are all member companies of Novotech Health Holdings Pte. Ltd. invested by TPG Capital;
- a non-executive director at Zhaoke Ophthalmology Limited, a company listed on the Hong Kong Stock Exchange (stock code: 6622), since October 2020; and
- a non-executive director at Dingdang Health Technology Group Ltd. since May 2021.

Ms. Cai received her bachelor's degree in biomedical engineering and economics from Yale University in Connecticut, the United States in May 2007.

Mr. Quan ZHOU (周琼), aged 46, was appointed as a Director on September 4, 2020, and redesignated as a non-executive Director on November 24, 2020. Mr. Zhou is primarily responsible for participating in decision-making in respect of major matters such as corporate and business strategies.

Mr. Zhou is also a director of AngioCare since September 15, 2020.

From December 2007 to September 2010, he was a senior analyst at the Morningside Group Limited (香港晨興集團), where he was primarily responsible for venture capital investments. He has served as the director and general manager of Legend Capital Limited (君聯資本管理股份有限公司) since September 2010. Since May 18, 2018, Mr. Zhou is the supervisor of Berry Genomics Company Limited (成都市貝瑞和康基因技術股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000710).

Mr. Zhou obtained his bachelor's degree in molecular biology and biological sciences from the University of Science and Technology of China (中國科學技術大學) in July 1999. He obtained his master's degree in science from the National University of Singapore in December 2005. He obtained his master's degree in business administration from the China Europe International Business School (中歐國際工商學院) in March 2008.

Mr. Ji CHEN (陳紀), aged 34, was appointed as a non-executive Director on November 24, 2020. Mr. Chen is primarily responsible for participating in decision-making in respect of major matters such as corporate and business strategies.

Since April 2017, Mr. Chen worked as a president in investment, vice president in senior investment management at Shanghai Jiachen Investment Company Limited (上海甲辰投資有限公司), a Shareholder of our Group.

From July 2012 to October 2014, Mr. Chen was a research intern at the Shanghai Institute of Materia Medica (中國科學院上海藥物研究所), where he was primarily responsible for research. From October 2014 to March 2017, he was an investment manager at the Shanghai GTJA Investment Company (上海高特佳投資管理有限公司), where he was primarily responsible for investments.

Mr. Chen obtained his bachelor's degree in pharmaceutical engineering from Xi'an Jiaotong University (西安交通大學) in July 2009. He obtained his master's degree in pharmaceutical chemistry from the Shanghai Institute of Pharmaceutical Industry (上海醫藥工業研究院) in June 2012.

Mr. Jie YIN (陰杰), aged 46, was appointed as a Director on November 1, 2020, and redesignated as a non-executive Director on November 24, 2020. Mr. Yin is primarily responsible for participating in decision-making in respect of major matters such as corporate and business strategies.

Mr. Yin has over 20 years of experience in product development and marketing. From August 1996 to November 1998, Mr. Yin was at China National Publications Import & Export Corporation (中國圖書進出口上海公司). From November 1998 to November 1999, he was at a product manager at Shanghai Ubi Computer Software Co. (上海育碧電腦遊戲有限公司). From March 2000 to October 2000, he was at Shanghai Duolaimi Information & Technology Company (多來米信息科技(上海)有限公司). From October 2000 to May 2001, he was at Shanghai Bertelsmann Information & Technology Company (上海貝塔斯曼信息技術有限公司). From November 2001 to October 2005, he was at the CIIC Shanghai Economic and Technical Cooperation Corporation. (中智上海經濟技術合作公司). From January 2007 to August 2011, he was a sales and product manager at Johnson & Johnson Medical Devices Ltd (強生(中國)醫療器材有限公司), where he was primarily responsible for the marketing and sales of cardiac interventional medical devices. From November 2011 to June 2012, he was at GE Healthcare China 通用電氣醫療(中國)有限公司, where he was primarily responsible for formulating and executing marketing strategies for medical equipment and services. From July 2012 to March 2014, he was a director of business development at Shanghai MicroPort Medical Group Company Limited (上海微創醫療器械(集團)有限公司). From July 2014 to October 2017, he was a principal at Qiming Weichuang Venture Capital Management (Shanghai) Co., Ltd (啟明維創創業投資管理有限公司), where he was primarily responsible for investing in medical equipment. From November 2017 to June 2019, he was a managing partner at

Shanghai Guohe Capital, where he was primarily responsible for setting up healthcare funds and investing in the medical field. He has been a partner at Yuanbio Venture Partners (蘇州工業園區元福創業投資管理企業(有限合夥)) since June 2019, where he is primarily responsible for investing in medical equipment.

Mr. Yin obtained his bachelor's degree in international trade at the Shanghai University of Finance and Economics (上海財經大學) in June 1996, and his master's degree in business administration from the International Institute for Management Development (IMD Lausanne, Switzerland) in November 2006. He also obtained the China Securities Investment Fund Industry Practice Certificate (中國證券投資基金業從業證書) from the Asset Management Association of China (中國證券投資基金業協會) in March 2019.

Independent Non-executive Directors

Mr. Charles Sheung Wai CHAN (陳尚偉), aged 67, as an independent non-executive Director, is responsible for supervising and providing independent judgment to our Board.

Mr. Chan has more than 40 years of experience in corporate finance, financial regulations and risk management. Mr. Chan started his career as an auditor at the Canadian office of Arthur Andersen in 1977 and was promoted to partnership in 1988. He subsequently joined the China & Hong Kong office of Arthur Andersen as an audit partner in 1994. From July 2002 to June 2012, Mr. Chan was a partner of the China & Hong Kong office of PricewaterhouseCoopers. Mr. Chan served as a member of the Election Committee for the first Legislative Council of Hong Kong in 1998 and a member of the Listing Committee of the Hong Kong Stock Exchange. Mr. Chan was a council member of the Hong Kong Institute of Certified Public Accountants.

Mr. Chan has been serving as an independent non-executive director of companies listed on the Stock Exchange, including SRE Group Limited (stock code: 1207), Maoyan Entertainment (stock code: 1896), Hansoh Pharmaceutical Group Company Limited (stock code: 3692) and Sun Art Retail Group Limited (stock code: 6808) since July 2012, February 2019, June 2019 and January 2021 respectively. From May 2016 to May 2019, he was an independent non-executive director of CITIC Securities Company Limited, a company listed on the Stock Exchange (stock code: 6030). From September 2013 to April 2020, he was an independent non-executive director of Changyou.com, which was listed on the NASDAQ until privatization in April 2020.

Mr. Chan obtained his bachelor's degree in commerce from the University of Manitoba in May 1977. He is a member of both the Chartered Accountants of Canada and the Hong Kong Institute of Certified Public Accountants.

Mr. Xubo LU (魯旭波), aged 41, as an independent non-executive Director, is primarily responsible for supervising and providing independent judgment to our Board.

From May 2012 to June 2016, he had successively served as the board secretary and director at Zhejiang Kangsheng Company Ltd (浙江康盛股份有限公司), which is listed on the Shenzhen Stock Exchange (stock code: 002418). From August 2014 to August 2020, he was an independent director at the Shanghai Kinetic Medical Co., Ltd. (上海凱利泰醫療科技股份有限公司), which is listed on the Shenzhen Stock Exchange (stock code: 300326). From

June 2020 to September 2020, he was the executive director and the legal representative of Hangzhou Quality Point Network Technology Company Ltd (杭州質點網絡科技有限公司).

Outside our Group, Mr. Lu currently holds directorships or senior positions in the companies below:

Name of company	Position	Period
FV Asset Management Hangzhou Co., Ltd (杭州安益資產管理有限公司)	Founding partner, head of risk control and compliance	July 2016 to present
Zhangjiakou Xiangyin Biological Technology Company Limited (張家口祥音生物科技有限公司)	Director	April 2017 to present
Zhejiang Anyi Think Tank Education Foundation (浙江安逸智庫教育基金會)	Secretary general	January 2018 to present

Mr. Lu obtained his bachelor's degree in law from the Zhejiang University of Finance & Economics (浙江財經大學) in June 2003. He obtained his PRC legal professional qualification in February 2008.

Mr. George Chien Cheng LIN (林潔誠), aged 51, as an independent non-executive Director, is primarily responsible for supervising and providing independent judgment to our Board.

Mr. Lin has been serving as a member of the Biotech Advisory Panel of the Stock Exchange since April 30, 2018. He has over 18 years of experience in investment banking, working for numerous private and public companies globally. Since May 2018, he has served as the executive director of Hua Medicine, which is listed on the Hong Kong Stock Exchange (stock code: 2552). Since December 2017, he has been Hua Medicine's executive vice president and chief financial officer. From June 2013 to December 2017, he was an investment banker at the Bank of America Merrill Lynch in Hong Kong, and held a number of senior positions including Asia Pacific head of consumer, retail and healthcare investment bank, and managing director in global investment banking. From July 2000 to May 2013, he worked for Credit Suisse as an investment banker in the Los Angeles, San Francisco and Hong Kong offices. At Credit Suisse, he focused on financings, and merger and acquisitions for a variety of global clients, including, but not limited to, U.S. biotechnology companies and Chinese healthcare companies. His last position at Credit Suisse was managing director in Investment Banking Department based in Hong Kong. Prior to investment banking, Mr. Lin practiced corporate law in Los Angeles including working for O'Melveny & Myers for over four years from September 1995 to July 1999.

Mr. Lin obtained his bachelor's degree in biological sciences from the University of California at Davis in June 1992 and a juris doctor degree from the University of Chicago Law School in June 1995. Mr. Lin was admitted to the California State Bar in December 1995.

SUPERVISORS

The following table set forth general information regarding our Supervisors:

Name	Position	Age	Date of appointment as Supervisor	Time of joining the Group	Role and responsibilities	Relationship with other Directors, Supervisors and senior management
Ms. Peili WANG (王佩麗)	Supervisor, Financial Manager	38	October 25, 2018	January 1, 2014	Supervising our Group's operations and financial situation	None
Mr. Tao CAI (蔡濤)	Supervisor, Head of Technology (BRS)	36	December 8, 2020	July 1, 2014	Directing and overseeing research and development	None
Mr. Chenzhao ZHANG (張晨朝)	Supervisor, Head of Technology (RDN)	38	December 8, 2020	January 15, 2016	Directing and overseeing research and development	None

The PRC Company Law requires a joint stock company with limited liability to establish a supervisory committee. Our Board of Supervisors currently consists of 3 members. Pursuant to our Articles of Association, at least one-third of our Supervisors must be employee representatives elected by our employees. Except for the employee representative Supervisor, the other Supervisors are elected and appointed by our Shareholders at a Shareholders' meeting for a term of three years, which is renewable upon re-election and re-appointment.

The following sets forth the biographies of our Supervisors:

Ms. Peili WANG (王佩麗), aged 38, was appointed as a Supervisor on October 25, 2018. Ms. Wang is primarily responsible for the supervision of the performance of the Directors and senior management members. Ms. Wang has also been our financial manager since July 1, 2014 and the financial manager of AngioCare since September 2011.

Ms. Wang has over 10 years of experience in financial management. From September 2004 to June 2005, she was an accountant at the Korman Shipping Company Limited (上海和明航運服務有限公司). From July 2005 to May 2006, she was an accountant at the Shanghai Heming International Freight Company Limited (和明國際貨運有限公司). From June 2006 to July 2010, she was the financial manager of Shanghai Xiyuan International Trading Company (上海曦原國際貿易有限公司). From August 2010 to December 2013, she was the financial manager of Forerunner Medical (Shanghai) Company Limited (方潤醫療器械科技(上海)有限公司).

Ms. Wang obtained her part-time bachelor's degree in accountancy from the Shanghai University of Finance and Economic (上海財經大學) in January 2009. She was admitted as Certified Public Accountant in China in May 2010.

Mr. Tao CAI (蔡濤), aged 36, was appointed as a Supervisor on December 8, 2020. Since July 2014, he has been serving as our Group's head of technology (BRS). As the head of technology (BRS), Mr. Cai is primarily responsible for directing and overseeing the research and development of our Group.

From March 2011 to March 2012, Mr. Cai was the research and development engineer at Midea Soymilk Maker Company (美的豆漿機公司). From March 2012 to March 2013, he was the research and development engineer at the Beijing Taijie Weiye Technology Company Limited (北京泰傑偉業科技有限公司), where he was primarily responsible for the development of neuro-interventional medical devices and intracranial stent products. From April 2013 to July 2014, he was a research and development engineer at Beijing Advanced Medical Technology Limited (北京阿邁特醫療器械有限公司), where he was primarily responsible for the development of absorbable coronary stents through three-dimensional printing technology.

Mr. Cai obtained his bachelor's degree in material engineering from the Changchun University of Science and Technology (長春理工大學) in July 2008, and his master's degree in inorganic chemistry from the same university in April 2011.

Mr. Chenzhao ZHANG (張晨朝), aged 38, was appointed as a Supervisor on December 8, 2020. Since January 15, 2016, he has been serving as our Group's head of technology (RDN). As the head of technology (RDN), Mr. Zhang is primarily responsible for directing and overseeing the research and development of our Group.

Since January 2017, Mr. Zhang is also the head of technology at AngioCare.

From January 2011 to March 2015, he served as the project manager at Yinyi (Liaoning) Biotech Company Limited (遼寧垠藝生物科技股份有限公司) (formerly known as the Liaoning Biomaterial Research and Development Centre Company Limited (遼寧生物醫學材料研發中心有限公司), where he was primarily responsible for project development and production management. From March 2015 to January 2016, he was a research and development engineer at the Shanghai Kinetic Medical Co., Ltd. (上海凱利泰醫療科技股份有限公司), which is listed on the Shenzhen Stock Exchange (stock code: 300326). From October 2018 to March 2020, he was the project director of Shanghai Heartcare Medical Technology Company Limited (上海心瑋醫療科技有限公司) ("**SH Heartcare**"), a neuro-interventional medical device company in China. From April 2020 to July 2020, he was the project director of Weiming Medical Devices (Shanghai) Company Limited (瑋銘醫療器械(上海)有限公司) ("**Weiming Medical**"), a wholly-owned subsidiary of SH Heartcare focusing on the manufacturing and sales of medical devices.

Mr. Zhang obtained his bachelor's degree in medicine from Dalian University (大連大學) in July 2008. He obtained his master of science degree in biomedical engineering from the Dalian University of Technology (大連理工大學) in July 2011. He is currently pursuing his doctor of philosophy degree in biology and medicine at Fudan University (復旦大學).

Mr. Zhang has been our full-time employee since he joined our Group as the head of technology (RDN) in January 2016, and has devoted his full working hours working for us. Mr. Zhang is a close friend with Mr. Guohui Wang, the chairman and the chief executive officer of SH Heartcare, and each of Mr. Zhang and Mr. Guohui Wang is a renowned expert in the interventional medical device industry. Mr. Zhang provided valuable advice to Mr. Guohui Wang, and contributed to the successful development of a core product of SH Heartcare. As a gesture to compensate to Mr. Zhang's valuable advice and contribution, SH Heartcare and Weiming Medical offered Mr. Zhang a "project director" title from October 2018 to March 2020 and from April 2020 to July 2020, respectively, and paid Mr. Zhang salaries in an aggregated amount of approximately RMB200,000 during the entire period.

Our Directors were fully aware of, and consented to, such arrangement between Mr. Zhang and SH Heartcare/Weiming Medical, and there was no dispute between us, Mr. Zhang, SH Heartcare and Weiming Medical in relation to intellectual property rights. Mr. Zhang is an inventor to certain patents owned by us. For details, please refer to the paragraphs headed "Business Intellectual Property Rights" in this prospectus. We received and the Sole Sponsor reviewed a written confirmation from SH Heartcare and Weiming Medical dated May 12, 2021, which confirms that (i) the complete ownership right, interests and any other rights in the work products and intellectual property rights resulting from the research and development efforts Mr. Zhang participated in at our Group rest solely with our Group or jointly with other parties (as applicable); (ii) the IP work products mentioned in (i) does not amount to service inventions of Mr. Zhang during his course of employment with SH Heartcare or Weiming Medical; (iii) SH Heartcare and Weiming Medical does not enjoy and will not claim any rights in the IP work products mentioned in (i); and (iv) the registration of any of the Group's patents does not require the prior consent of SH Heartcare or Weiming Medical.

Save as disclosed in this prospectus, each of our Directors and Supervisors confirms with respect to himself or herself, to the best of his or her knowledge, information and belief, that he or she (1) did not hold other long positions or short positions in the Shares, underlying Shares, debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) as of the Latest Practicable Date; (2) had no other relationship with any Directors, Supervisors, senior management or substantial shareholders of our Company as at the Latest Practicable Date; (3) did not hold any other directorships in the three years prior to the Latest Practicable Date in any public companies of which the securities are listed on any securities market in Hong Kong and/or overseas; and (4) there are no other matters concerning our Director's appointment that need to be brought to the attention of our Shareholders and the Stock Exchange or shall be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

Each of our Director confirms that, as of the Latest Practicable Date, he or she did not have any interest in a business, apart from the business of our Company, which competes or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The table below sets out certain information in respect of the senior management of the Group:

Name	Position	Age	Date of appointment	Date of joining the Group	Role and responsibilities	Relationship with other Directors and senior management
Mr. Philip Li WANG (汪立)	General Manager	53	July 18, 2014	July 18, 2014	Overall strategic planning, business direction and operational management	None
Mr. Yunqing WANG (王雲磬)	Chief Financial Officer, Board Secretary	37	November 24, 2020	September 4, 2020	Overall financial management	None
Mr. Tao CAI (蔡濤)	Head of Technology (BRS)	36	July 18, 2014	July 1, 2014	Directing and overseeing research and development	None
Mr. Chenzhao ZHANG (張晨朝)	Head of Technology (RDN)	38	January 15, 2016	January 15, 2016	Directing and overseeing research and development	None
Ms. Peili WANG (王佩麗)	Financial Manager	38	July 1, 2014	July 1, 2014	Supervising our Company's operations and financial situation	None
Dr. Bradley Stewart Hubbard	Chief medical officer	63	March 1, 2021	March 1, 2021	Supporting research and development and trials leading to regulatory approval	None

Mr. Philip Li WANG (汪立), see "— Directors — Executive Directors" for details.

Mr. Yunqing WANG (王雲磬), see "— Directors — Executive Directors" for details.

Mr. Tao CAI (蔡濤), see "— Supervisors" for details.

Mr. Chenzhao ZHANG (張晨朝), see "— Supervisors" for details.

Ms. Peili WANG (王佩麗), see "— Supervisors" for details.

Dr. Bradley Stewart HUBBARD, aged 63, has been the chief medical officer of the Company since March 1, 2021 and is responsible for supporting research and development and trials leading to regulatory approval.

Dr. Hubbard has more than 20 years of experience in clinical research and development in the medical device sector. From July 1994 to October 2001, he was the manager of preclinical research for all the business units of the vascular intervention division at Guidant Corporation. From October 2001 to December 2009, he was the general manager of Surpass-Silicon Valley, LLC (previously known as LyChron, LLC), a company specializing in preclinical CRO, where he oversaw all the operations of the preclinical laboratory located in Silicon Valley. From January 2009 to January 2018, he was the managing director at Gateway Medical Innovation Center (匯智贏華醫療科技研發(上海)有限公司), and was primarily responsible for managing the operation of facilities. From May 2018 to February 2019, he assisted in the founding of West Point Technology (Chengdu) Biotechnology Co., Ltd. (西點科創(成都)生物科技有限公司), and had served as the chief executive officer until February 2021.

Dr. Hubbard obtained his bachelor's degree in animal sciences in December 1980 and his doctoral degree in veterinary medicine from the University of Missouri in May 1984. He obtained his veterinary license for Texas in June 1984, and California in June 2003.

JOINT COMPANY SECRETARIES

Mr. Yunqing WANG (王雲磬), aged 37, was appointed as a joint company secretary of our Company on December 9, 2020. Mr. Yunqing Wang is also an executive Director, chief financial officer, and board secretary of our Company. See "— Directors — Executive Directors" for details.

Ms. Sarah Siu Ying KWOK (郭兆瑩), aged 37, was appointed as a joint company secretary of our Company on December 9, 2020. Ms. Kwok joined Vistra Corporate Services (HK) Limited since July 2014 and now serves as a manager of corporate services of Vistra Corporate Services (HK) Limited. She has over six years of experience in providing a full range of company secretarial and compliance services to a portfolio of clients including multinational corporations and private companies.

Ms. Kwok received a Master of Corporate Governance from the Hong Kong Metropolitan University (formerly the Open University of Hong Kong) and has been an associate member of The Hong Kong Chartered Governance Institute (formerly The Hong Kong Institute of Chartered Secretaries) and an associate member of The Chartered Governance Institute (formerly The Institute of Chartered Secretaries and Administrators) in the United Kingdom since 2018.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various Board committees. In accordance with the relevant PRC laws and regulations, the Articles and the Listing Rules, we have established our audit committee, remuneration committee and nomination committee.

Audit Committee

We have established an audit committee with terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules on December 9, 2020. The audit committee consists of Mr. Charles Sheung Wai Chan, Mr. George Chien Cheng Lin, and Mr. Xubo Lu with Mr. Charles Sheung Wai Chan being the chairman of the committee.

The primary function of the audit committee is to assist our Board in providing an independent view of our financial reporting process, internal control and risk management system, overseeing the audit process and performing other duties and responsibilities as assigned by our Board which includes, amongst other things:

- proposing to the Board of Directors the appointment and replacement of external audit firms;
- supervising the implementation of our internal audit system;
- liaising between our internal audit department and external auditors;
- reviewing our financial information and related disclosures; and
- other duties conferred by the Board of Directors.

Remuneration Committee

We have established a remuneration committee with terms of reference in compliance with paragraph B.1 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules on December 9, 2020. The remuneration committee consists of Mr. Xubo Lu, Mr. Charles Sheung Wai Chan, and Ms. Li Cai, with Mr. Xubo Lu being the chairman of the committee.

The primary function of the remuneration committee is to develop remuneration policies of our Directors, evaluate the performance, make recommendations on the remuneration packages of our Directors and senior management and evaluate and make recommendations on employee benefit arrangements which includes, amongst other things:

- establishing, reviewing and making recommendations to our Directors on our policy and structure concerning remuneration of our Directors and senior management;
- determining the terms of the specific remuneration package of each Director and members of senior management;
- reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time; and
- other duties conferred by the Board of Directors.

Nomination Committee

We have established a nomination committee with terms of reference in compliance with paragraph A.5 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules on December 9, 2020. The nomination committee consists of Mr. Wang, Mr. Charles Sheung Wai Chan and Mr. Xubo Lu, with Mr. Wang being the chairman of the committee.

The primary function of the nomination committee is to make recommendations to our Board in relation to the appointment and removal of Directors which includes, amongst other things:

- reviewing the structure, size and composition of our Board on a regular basis and making recommendations to the Board regarding any proposed changes;
- identifying, selecting or making recommendations to our Board on the selection of individuals nominated for directorships;
- assessing the independence of our independent non-executive Directors;
- making recommendations to the Board on relevant matters relating to the appointment, re-appointment and removal of our Directors; and
- other duties conferred by the Board of Directors.

CORPORATE GOVERNANCE

Code Provision A.2.1 of the Corporate Governance Code

Under paragraph 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. Wang is our chairman of the Board and the general manager of our Company. With extensive experience in the pharmaceutical industry and having served in our Company since its establishment, Mr. Wang is in charge of overall management, business, strategic development and scientific research and development of our Group. Despite the fact that the roles of our chairman of the Board and our general manager are both performed by Mr. Wang which constitutes a deviation from paragraph A.2.1 of the Corporate Governance Code, our Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of our Group. The balance of power and authority is ensured by the operation of our Board, our Supervisors and our senior management, which comprises experienced and diverse individuals. Our Board currently comprises two executive Directors (including Mr. Wang), four non-executive Directors and three independent non-executive Directors, and therefore has a strong independence element in its composition.

Save as disclosed above, our Company intends to comply with all code provisions under the Corporate Governance Code after the Listing.

Board Diversity

Our Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

As at the date of this prospectus, our Board consists of eight male members and one female member with three Directors of age 31 to 40 years old, three Directors of age 41 to 50 years old, two Directors of age 51 to 60 years old and one Directors of over 60 years old. Our Company has reviewed the membership, structure and composition of the Board, and is of the opinion that the structure of the Board is reasonable, and the experiences and skills of the Directors in various aspects and fields can enable our Company to maintain high standard of operation.

KEY TERMS OF EMPLOYMENT CONTRACTS

We normally enter into (i) an employment contract, (ii) a confidentiality and intellectual property agreement and (iii) a non-competition agreement with our senior management members and other key personnel (other than Directors). Below sets forth the key terms of these contracts we normally enter into with our senior management and other key personnel.

Confidentiality

- *Confidentiality obligations*. The employee shall, during the course of employment with our Group and thereafter, keep in confidence all proprietary information including, among others, trade secrets, know-how and other non-public information belonging to our Group or other third parties to whom our Group owes confidentiality obligations. Without our Group's written consent, the employee shall not leak, disclose, use or otherwise make available to any third party proprietary information belonging to our Group or other third parties to whom our Group owes confidentiality obligations in any manner and shall not utilize such information beyond his or her scope of work.

Ownership of intellectual work products

- *Acknowledgement:* The employee acknowledges and agrees that our Group shall own all intellectual work products he or she produces during the course of employment with our Group and within one year after his or her departure from our Group, provided that the work products relate to any task assigned to the employee or are otherwise related to the business of our Group or are produced using the resources or information of our Group.

Non-competition

- *Non-competition obligation*. During the term of his/her employment with our Group and within one or two years (as the case may be) following termination of his/her employment, the employee shall not (i) engage in any businesses which are in competition with or in conflict with our Group, (ii) directly or indirectly solicit or induce our employees to leave our Group or its associated companies, or (iii) directly or indirectly induce or require our Group's or its associated companies' suppliers or customers to terminate their current businesses or negotiations with our Group or its associated companies.

Compensation for breach of covenants

- If the employee breaches the obligations under the confidentiality and intellectual property agreement or non-competition agreement, our Group shall be entitled to recover from the employee any losses incurred as a result of such breach by the employee.

EMOLUMENT OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

We offer our executive Directors, Supervisors and senior management members, who are also employees of our Company, emolument in the form of salaries, allowances, bonuses and benefits in kind. Our independent non-executive Directors receive emolument based on their responsibilities (including being members or chairman of Board committees).

The aggregate amount of remuneration which was paid to our Directors and Supervisors (including fees, salaries, allowances and benefits in kind, performance related bonuses, pension scheme contributions, and equity-settled share award expenses) for the two years ended December 31, 2019 and 2020 and the six months ended June 30, 2021 were RMB0.7 million, RMB88.0 million and RMB161.1 million, respectively.

It is estimated that the aggregate amount of remuneration (including fees, salaries, allowances and benefits in kind, performance related bonuses, pension scheme contributions, and equity-settled share award expenses) payable to Directors and Supervisors for the year ended December 31, 2021 will be approximately RMB87.7 million (including equity-settled share award expenses of RMB86.1 million) under arrangements in force at the date of this prospectus.

The aggregate amount of remuneration which were paid by the Group to our five highest paid individuals (excluding Directors and Supervisors) for the two years ended December 31, 2019 and 2020 and the six months ended June 30, 2021 were RMB1.6 million, RMB7.8 million and RMB14.4 million, respectively.

None of our Directors or any past directors of any member of the Group has been paid any sum of money for the two years ended December 31, 2019 and 2020 and the six months ended June 30, 2021 as (a) an inducement to join or upon joining the Company; or (b) for loss of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group.

There has been no arrangement under which a Director has waived or agreed to waive any emoluments for the two years ended December 31, 2019 and 2020, and the six months ended June 30, 2021.

Except as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors, Supervisors or the five highest paid individuals of our Group during the Track Record Period.

For additional information on Directors' and Supervisors' remuneration during the Track Record Period as well as information on the highest paid individuals, please refer to Notes 9 and 10 of the Accountants' Report in Appendix IA to this prospectus.

COMPLIANCE ADVISER

We have appointed Maxa Capital Limited as our compliance adviser pursuant to Rules 3A.19 and 19A.05 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us on the following circumstances:

(a) before the publication of any announcements, circulars or financial reports required by regulatory authorities or applicable laws;

(b) where a transaction, which might constitute a notifiable or connected transaction under the Listing Rules, is contemplated, including share issues and securities repurchases;

(c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and

(d) where the Stock Exchange makes an inquiry of us regarding unusual price movement and trading volume or other issues under Rule 13.10 of the Listing Rules.

Pursuant to Rule 19A.06 of the Listing Rules, Maxa Capital Limited will, in a timely manner, inform us of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. Maxa Capital Limited will also inform us of any amendment or supplement to applicable laws and guidelines.

The term of the appointment will commence on the Listing Date and end on the date on which we distribute the annual report of the first full financial year commencing after the Listing pursuant to the Rule 13.46 of the Listing Rules.

You should read the following discussion and analysis in conjunction with our audited consolidated financial information, included in the Accountants' Report in Appendix IA to this prospectus, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with IFRSs.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on our assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" in this prospectus.

OVERVIEW

We are a leading innovative interventional cardiovascular device company in China with a current focus on two therapies: (i) bioresorbable scaffolds (BRS) addressing the unmet medical needs of Chinese patients for the treatment of coronary or peripheral artery diseases, and (ii) renal denervation (RDN) addressing the unmet medical needs of patients for the treatment of uncontrolled hypertension and resistant hypertension.

We currently have no commercialized products and have not generated any revenue from product sales. We were not profitable and incurred operating losses during the Track Record Period. In 2019, 2020, and the six months ended June 30, 2020 and 2021, we had loss for the year/period of RMB23.7 million, RMB340.3 million, RMB13.6 million and RMB227.5 million, respectively. Our operating losses substantially resulted from research and development expenses and administrative expenses.

We expect to incur an increased amount of operating expenses for at least the next several years as we further our pre-clinical research, continue the clinical development of, seek regulatory approval for and manufacturing of, our product candidates, launch our pipeline products, and add personnel necessary to operate our business. Subsequent to the Listing, we expect to incur costs associated with operating as a public company. We expect that our financial performance will fluctuate from period to period due to the development status of our product candidates, regulatory approval timeline and commercialization of our product candidates after approval.

BASIS OF PREPARATION

The historical financial information of our Group has been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which comprise all standards and interpretations approved by the International Accounting Standards Board ("**IASB**"). All IFRSs effective for the accounting period commencing from January 1, 2021, together with the relevant transitional provisions, have been early adopted by our Group in the preparation of the historical financial information throughout the Track Record Period. The historical financial information of our Group has been prepared under the historical cost convention.

Acquisition of AngioCare

In September 2020, our Company acquired 65.69% of the equity interest in AngioCare at a cash consideration of RMB230.0 million. For details of the Acquisition of AngioCare, please refer to the paragraphs headed "History, Development and Corporate Structure — Reorganization — Acquisition of AngioCare and Subscription for Reorganization" and Note 30 of Appendix IA to this prospectus.

We have consolidated AngioCare's results of operations since September 21, 2020. Our consolidated statement of comprehensive loss for the year ended December 31, 2020 consolidates the results of AngioCare since September 21, 2020. Further, the consolidated financial statements and the accompanying notes of AngioCare for the year ended December 31, 2019 and the nine months ended September 30, 2020 are set forth separately in Appendix IB to this prospectus.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Growth and Competitive Landscape of the BRS and RDN Markets in China

We believe that our financial performance and future growth are dependent on the overall growth of, and our competitiveness in, the BRS and RDN markets in China. As a result of a combination of technology and therapeutic innovation, favorable government policies, rising per capita income and healthcare expenditure, as well as the significant advantages of interventional treatment solutions over traditional therapies such as drugs and invasive surgeries, the interventional medical device market in China had experienced exponential growth in recent years, and is expected to continue to maintain its growth momentum, according to Frost & Sullivan. However, each of the BRS and RDN markets in China is still underserved.

We believe that by leveraging our first mover advantages, strong research and development capabilities, as well as our comprehensive and synergistic product pipelines, we are well positioned to capture the significant growth potential of the minimally invasive interventional cardiovascular medical device markets, particularly the BRS and RDN markets, in China.

Our Ability to Successfully Develop and Commercialize our Product Candidates

Our business and results of operations depend on our ability to successfully develop our product candidates and commercialize our product candidates. As of the Latest Practicable Date, we had developed one registered product and had nine product candidates in various stages of development. Particularly, we are in the process of completing the confirmatory clinical trials for our Bioheart® and Iberis® 2nd. We expect to receive the NMPA approval for Bioheart® in the third quarter of 2023 and Iberis® 2nd in the second quarter of 2023 and plan to launch them shortly after receiving the NMPA approval. Whether our product candidates can demonstrate favorable safety and efficacy clinical trial results, and whether we can obtain the requisite regulatory approvals for our product candidates in time, are crucial for our business and results of operations.

Our results of operations also depend on our ability to successfully commercialize our product candidates upon approval. Once our product candidates are commercialized, the commercial success of our product candidates depends upon the degree of market acceptance each of such product candidates achieves, particularly among hospitals and physicians. Physicians and hospitals' receptiveness to our product candidates in turn depends on, among others, our ability to convince them as to the distinctive characteristics, advantages, safety and cost effectiveness of our product candidates as compared to our competitors' products. If our product candidates (upon commercialization) are not widely accepted by physicians and hospitals, we may not be able to effectively market our product candidates upon commercialization.

Government Healthcare Spending, Medical Insurance Coverage, Pricing, Guidance and Centralized Procurement Policies

We expect that the market acceptance and sales volume of our product candidates (assuming that relevant regulatory approvals are obtained and such product candidates are successfully commercialized) will depend in part on the level of government spending on healthcare and the coverage of our product candidates under government medical insurance schemes. In line with the overall growth in the healthcare service industry in China, the PRC government has promulgated a series of policies in the last several years aimed at encouraging healthcare infrastructure development and improving patients' accessibility to healthcare services. In particular, growth in population coverage and funding for public medical insurance programs have significantly improved patients' ability to pay for medical treatment. The inclusion of our product candidates (upon commercialization) in the governmental insurance coverage would significantly increase the demand for such products candidates upon approval, and would therefore have a positive impact on the sales volume of our products candidates upon approval and our financial performance. However, there are uncertainties as to whether the government will continue to increase its healthcare spending, and whether our products candidates can be included in the governmental insurance coverage upon approval, and different provinces may have different practices for the reimbursement of our products candidates.

PRC regulations and medical insurance plans also exert significant influence over the pricing of medical devices, which could affect patients' access to our products as well as our profitability. In addition, pricing guidance and centralized procurement policies issued by the government may also affect our business and financial performance. For example, although the centralized procurement policies for coronary artery stent implemented by the Tianjin government in 2020 was only applicable to DES, and therefore would not directly affect the pricing of our BRS product, it might affect the patients' willingness to use BRS products, and might indirectly affect our business and financial performance in the future. Furthermore, if the competent government authorities issue any additional pricing guidance or exercise any other control measures on the tendering process of any of our products, either at the national or provincial level, our profitability and results of operations may be affected.

Research and Development Expenses

The development of medical devices require a significant investment of resources over a prolonged period of time, and we intend to continue making sustained investments in this area. We have devoted significant resources on research and development activities and our pipeline of product candidates has been steadily advancing and expanding. In 2019, 2020, and the six months ended June 30, 2020 and 2021, our research and development expenses amounted to RMB21.5 million, RMB245.7 million, RMB12.1 million and RMB120.5 million, respectively, among which, RMB21.5 million, RMB69.7 million, RMB12.1 million and RMB27.1 million was attributable to our Core Product, Bioheart®, respectively. Our research and development expenses in 2020 and the six months ended June 30, 2021 primarily consisted of share-based compensation. For details, please refer to the paragraphs headed "— Description of Selected Components of Consolidated Statements of Comprehensive Loss — Research and Development Expenses" in this section. We intend to continue to advance the development of our product candidates, and as a result, the research and development expenses are expected to continue to be a major component in our operating expenses.

Particularly, we intend to continue to advance our pre-clinical studies and clinical trials. Clinical product development involves a lengthy and expensive process with an uncertain outcome. The amount of investment required for clinical product development depends on a variety of factors, including the location of the clinical trials, the complexity for the requirements on conducting clinical trials of the product candidates, the number of patients required for such clinical trials, and any additional requirements imposed by competent government authorities to our clinical trials, among others. For more details of risks relating to the development of our product candidates, please refer to the paragraphs headed "Risk Factors — Risks Relating to Our Products and Product Candidates — Risks Relating to the Development of Our Product Candidates" in this prospectus.

Furthermore, with the continuing expansion of our business and development of the product candidates, we may require further funding through public or private equity offerings, debt financing and other sources. Any changes in our ability to fund our operations and to continue with our research and development of our product candidates will affect our cash flow and results of operation.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Significant Accounting Policies

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by our Group, liabilities assumed by our Group to the former owners of the acquiree and the equity interests issued by our Group in exchange for control of the acquiree. For each business combination, our Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

Our Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When our Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value either recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of our Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Our Group performs its annual impairment test of goodwill as at December 31. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of our Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of our Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Intangible Assets (Other than Goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intellectual Property

Intellectual property with finite useful life is amortized using the straight-line basis over the commercial lives of the underlying products, commencing from the date when the products are put into commercial production.

Research and Development Costs

All research costs are charged to the consolidated statements of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalized and deferred only when our Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Share-based Payments

We operate a share award scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of our Group's operations. Employees (including directors) and non-employees of our Group receive remuneration and rewards in the form of share-based payments, whereby employees and non-employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The cost of equity-settled transactions with non-employees is measured by reference to the fair value of the services they provided unless the fair value of the equity instruments granted is more reliably determinable. The fair value is measured at the market value of the shares, adjusted for the exclusion of expected dividends to be received in the vesting period, further details of which are given in Note 29 of Appendix IA to this prospectus.

The cost of equity-settled transactions is recognized in expense, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and our Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

Service conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of our Group's best estimate of the number of equity instruments that will ultimately vest.

For awards that do not ultimately vest because service conditions have not been met, no expense is recognized.

Government Grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to our Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual installments and released to profit or loss by way of a reduced depreciation charge.

Other Income

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Significant Accounting Judgments and Estimates

The preparation of our Group's historical financial information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgments

In the process of applying our Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the historical financial information.

Research and Development Expenses

Research and development expenses incurred on our Group's medical device product pipelines are capitalized and deferred only when our Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, our Group's intention to complete and our Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Research and development expenses which do not meet these criteria are expensed when incurred. Determining the amounts to be capitalized requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. All expenses incurred for research and development activities were regarded as research expenses and therefore were expensed when incurred.

Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Recognition of Deferred Tax Assets

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in Note 11 of Appendix IA to this prospectus.

Impairment of Non-financial Assets (Other than Goodwill)

Our Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Intangible assets not ready for use are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The intangible asset is allocated to the cash generating unit to which the intellectual property belongs. The recoverable amount of the cash generating unit is determined based on a value-in-use calculation using cash flow projections from financial budgets approved by our management covering a 10-year period. We consider that using a ten-year forecast period for financial budget in the intellectual property impairment test is appropriate because the useful lives of AngioCare's relevant intellectual property are longer than ten years, and it generally takes longer for a medical device company to reach perpetual growth mode, compared to companies in other industries, especially when its product is still under clinical trial and the market of such product is at an early stage of development with substantial growth potential. Hence, financial budgets covering a ten-year period was used as our management believe that a forecasted period longer than five years is feasible and reflects a more accurate entity value. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an

asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The net carrying amount of our intangible assets (other than goodwill) as at December 31, 2020 and June 30, 2021, was RMB137.2 million and RMB137.2 million, respectively. As at December 31, 2020 and June 30, 2021 the recoverable amount of the cash-generating unit to which the intellectual property belongs exceeds its carrying amount by RMB33,400,000 and RMB55,300,000, respectively, and therefore no impairment was considered necessary.

Key assumptions used in the calculation of intangible assets (other than goodwill) are as follows:

	As at December 31, 2020	As at June 30, 2021
Revenue (% compound growth rate)	61.74%	61.72%
Gross margin (% of revenue)	60.00%	60.00%
Terminal growth rate	3.00%	3.00%
Pre-tax discount rate	20.87%	20.94%

If the pre-tax discount rate rose to 23.28%, the gross margin decreased to 55.97%, or the compound growth rate of revenue decreased to 58.67% (with other assumptions remaining unchanged), the recoverable amount of the cash-generating unit would be decreased to the carrying amount of the intellectual property. Except for these, any reasonable possible changes in the other key assumptions used in the fair value assessment model would not affect our management's view on impairment at December 31, 2020.

If the pre-tax discount rate rose to 25.05%, the gross margin decreased to 53.90%, or the compound growth rate of revenue decreased to 56.81% (with other assumptions remaining unchanged), the recoverable amount of the cash-generating unit would be decreased to the carrying amount of the intellectual property. Except for these, any reasonable possible changes in the other key assumptions used in the fair value assessment model would not affect our management's view on impairment at June 30, 2021. Please refer to Note 18 of Appendix IA to this prospectus for more details about the impairment testing for our intangible assets.

Impairment of goodwill

Our Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires our Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Our goodwill acquired through business combination is related to the acquisition of AngioCare in September 2020 and the goodwill has been allocated to the AngioCare cash generating unit for impairment testing. We consider that using a ten-year forecast period for financial budget in the goodwill impairment

test is appropriate because the useful lives of AngioCare's relevant intellectual property are longer than ten years, and it generally takes longer for a medical device company to reach perpetual growth mode, compared to companies in other industries, especially when the relevant product is still under clinical trial and the market of such product is at an early stage of development with substantial growth potential. Hence, financial budgets covering a ten-year period was used as we believe that a forecasted period longer than five years is feasible and reflects a more accurate entity value. The carrying amount of goodwill as at December 31, 2020 and June 30, 2021 was RMB144.6 million, respectively. As at December 31, 2020 and June 30, 2021, the recoverable amount of the cash-generating unit exceeds its carrying amount by RMB53,422,000 and RMB75,969,000, respectively, and therefore no impairment was considered necessary.

Key assumptions used in the calculation of goodwill are as follows:

	As at December 31, 2020	As at June 30, 2021
Revenue (% compound growth rate)	65.30%	65.21%
Gross margin (% of revenue)	60.00%	60.00%
Terminal growth rate	3.00%	3.00%
Pre-tax discount rate	19.56%	19.65%

If the pre-tax discount rate rose to 20.79%, the gross margin decreased to 57.17%, or the compound growth rate of revenue decreased to 61.93% (with other assumptions remaining unchanged), the recoverable amount of the cash-generating unit would be decreased to the carrying amount of the cash-generating unit. Except for these, any reasonable possible changes in the other key assumptions used in the fair value assessment model would not affect our management's view on impairment at December 31, 2020.

If the pre-tax discount rate rose to 21.31%, the gross margin decreased to 56.51%, or the compound growth rate of revenue decreased to 60.74% (with other assumptions remaining unchanged), the recoverable amount of the cash-generating unit would be decreased to the carrying amount of the cash-generating unit. Except for these, any reasonable possible changes in the other key assumptions used in the fair value assessment model would not affect our management's view on impairment at June 30, 2021. Please refer to Note 16 of Appendix IA to this prospectus for more details about the impairment testing for our goodwill.

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

The following table sets forth our consolidated statements of comprehensive loss for the periods indicated:

	Year Ended December 31,		Six Months Ended June 30,	
	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Research and development expenses	(21,530)	(245,743)	(12,124)	(120,486)
Administrative expenses	(3,744)	(81,556)	(2,017)	(104,535)
Other income and gains	1,646	3,424	522	964
Other expenses	(5)	(16,363)	–	(3,226)
Finance costs	(86)	(56)	(26)	(227)
Loss before tax	(23,719)	(340,294)	(13,645)	(227,510)
Income tax expense	–	–	–	–
Loss for the year/period	(23,719)	(340,294)	(13,645)	(227,510)
Total comprehensive loss for the year/period	(23,719)	(340,294)	(13,645)	(227,510)
Loss attributable to:				
Owners of the parent	(23,719)	(325,523)	(13,645)	(199,789)
Non-controlling interests	–	(14,771)	–	(27,721)

Other Income and Gains

During the Track Record Period, our other income and gains mainly consisted of government grants, bank interest income, consulting income, foreign exchange differences and others. Our government grants mainly included government subsidies for compensating our expenses relating to certain research and development projects. The following table sets forth a breakdown of our other income and gains for the periods indicated:

	Year Ended December 31,		Six Months Ended June 30,	
	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Other income				
Government grants	1,570	3,031	484	122
Bank interest income	8	190	24	821
Consulting income	–	181	–	–
Others	60	22	14	21
Gains				
Foreign exchange differences	8	–	–	–
	1,646	**3,424**	**522**	**964**

Administrative Expenses

During the Track Record Period, our administrative expenses mainly consisted of employee benefit expenses, depreciation expenses, listing expenses, professional services expenses, utilities and office expenses and others.

Employee benefit expenses mainly included salaries, equity-settled share awards and other welfare for our administrative employees. In 2019, 2020, and the six months ended June 30, 2020 and 2021, we recorded equity-settled share award expenses of nil, RMB50.0 million, nil and RMB90.7 million, respectively, under our administrative expenses. Depreciation expenses mainly included depreciation expenses of our office equipment, motor vehicles and office rentals, which were used for administrative purposes. Listing expenses represented the costs, primarily including the professional service fees, incurred for our proposed listing. Professional service expenses mainly related to legal and financial adviser fees related to our Pre-IPO Investments. Utilities and office expenses mainly included, utilities and other general office expenses incurred by our administrative employees. Others mainly included hospitality expenses, traveling and transportation expenses, tax, surcharges and other general expenses incurred for administrative purposes.

The following table sets forth a breakdown of our administrative expenses for the periods indicated:

	Year Ended December 31,		Six Months Ended June 30,	
	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Employee benefits expenses	890	51,855	478	94,212
Depreciation expenses	534	613	269	1,432
Listing expenses	–	5,461	–	6,529
Professional service expenses	135	21,350	78	786
Utilities and office expenses	865	841	451	985
Others	1,320	1,436	741	591
	3,744	**81,556**	**2,017**	**104,535**

Research and Development Expenses

During the Track Record Period, our research and development expenses mainly consisted of testing fees, employee benefits expenses, costs of raw materials and consumables used, depreciation expenses and others.

Testing fees mainly consisted of expenses incurred for conducting pre-clinical studies and clinical trials, including payments to CROs, SMOs, hospitals, and other medical institutions in relation to our pre-clinical studies and clinical trials. Employee benefits expenses under research and development expenses primarily included the salaries, welfare, and equity-settled share awards for our research and development employees and Mr. Jay Qin, a former technology consultant of AngioCare, in recognition of their contributions to our product and technology development. In 2019, 2020, and the six months ended June 30, 2020 and 2021, we recorded equity-settled share award expenses of nil, RMB218.1 million, nil and RMB95.3 million, respectively, under our research and development expenses. We have established incentive platforms for such purposes. For details, please refer to the paragraphs headed "History, Development and Corporate Structure — Employee Incentive Schemes" in this prospectus. Costs of raw materials and consumables used under the research and development expenses consisted of raw materials used for developing our product candidates. Depreciation expenses under the research and development expenses mainly consisted of depreciation of equipment, leasehold improvements and office rentals. Others mainly included consulting fees, expense reimbursements incurred by our research and development employees as well as other general expenses incurred for the purpose of research and development.

The following table sets forth 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
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Testing fees	5,793	8,611	3,304	9,505
Employee benefit expenses	2,925	222,022	1,271	99,744
Costs of raw materials and consumables used	5,021	3,034	1,100	3,125
Depreciation expenses	7,166	8,030	3,806	5,761
Others	625	4,046	2,643	2,351
	21,530	**245,743**	**12,124**	**120,486**

Other Expenses

During the Track Record Period, our other expenses mainly consisted of foreign exchange differences and others.

The following table sets forth a breakdown of our other expenses for the periods indicated:

	Year Ended December 31,		Six Months Ended June 30,	
	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Foreign exchange differences	–	16,353	–	3,220
Others	5	10	–	6
	5	**16,363**	**–**	**3,226**

Foreign exchange differences mainly represented the losses from the change in exchange rate between USD and RMB due to our cash balance in USD.

Finance Costs

During the Track Record Period, our finance costs mainly consisted of interest on lease liabilities relating to our lease of office premises. During the Track Record Period, we entered into certain long-term lease contracts for office premises, with lease terms from one year to six years in general.

Income Tax Expense

No provision for Mainland China income tax has been provided for at a rate of 25% pursuant to the Enterprise Income Tax Law of the PRC and the respective regulations, as the PRC entities of our Group have no estimated assessable profits.

We did not record any income tax expense during the Track Record Period. For more details, please refer to Note 11 of Appendix IA to this prospectus.

Loss for the Year/Period

In 2019, 2020, and the six months ended June 30, 2020 and 2021, our net losses amounted to RMB23.7 million, RMB340.3 million, RMB13.6 million and RMB227.5 million, respectively.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2021 Compared with Six Months Ended June 30, 2020

Other Income and Gains

Our other income and gains increased from RMB0.5 million for the six months ended June 30, 2020 to RMB1.0 million for the six months ended June 30, 2021, primarily due to an increase in bank interest income of RMB0.8 million mainly attributable to the funds we received from Series C Financing and Series D Financing, and partially offset by a decrease in government grants of RMB0.4 million.

Administrative Expenses

Our administrative expenses increased from RMB2.0 million for the six months ended June 30, 2020 to RMB104.5 million for the six months ended June 30, 2021, mainly due to (i) an increase in employee benefit expenses of RMB93.7 million primarily due to an increase in equity-settled share awards as we granted restricted shares to our key administrative employees; (ii) an increase in listing expenses of RMB6.5 million mainly in connection with our proposed Listing; and (iii) an increase in depreciation expenses of RMB1.2 million mainly as a result of our lease of a new plant in 2021 and the acquisition of AngioCare.

Research and Development Expenses

Our research and development expenses increased from RMB12.1 million for the six months ended June 30, 2020 to RMB120.5 million for the six months ended June 30, 2021, mainly due to (i) an increase in employee benefit expenses of RMB98.5 million primarily due to an increase in equity-settled share awards as we granted restricted shares to our key research and development employees; (ii) an increase in testing fees of RMB6.2 million mainly as a result of the development progress of our pipeline products; and (iii) an increase in cost of raw materials and consumables used of RMB2.0 million mainly attributable to the development progress of our pipeline products.

Other Expenses

Our other expenses increased from nil for the six months ended June 30, 2020 to RMB3.2 million for the six months ended June 30, 2021, mainly because we incurred foreign exchange losses for the funds we received from Series C Financing and Series D Financing.

Finance Costs

Our finance costs increased from RMB26,000 for the six months ended June 30, 2020 to RMB227,000 for the six months ended June 30, 2021, mainly due to a decrease in the interest on lease liabilities as a result of our lease of a new plant in 2021 and the acquisition of AngioCare.

Year Ended December 31, 2020 Compared with Year Ended December 31, 2019

Other Income and Gains

Our other income and gains increased from RMB1.6 million in 2019 to RMB3.4 million in 2020, primarily due to an increase in government grants of RMB1.5 million.

Administrative Expenses

Our administrative expenses increased from RMB3.7 million in 2019 to RMB81.6 million in 2020, primarily due to (i) an increase in professional service expenses of RMB21.2 million mainly attributable to the legal and financial adviser fees related to our Series C Financing and Series D Financing, which primarily consisted of a financial adviser fee in an amount of approximately RMB20.0 million paid to Shenzhen DeepSnow Capital Co., Ltd. (深圳市深雪資本有限公司), a reputable private equity financing consultant in China, and legal adviser fees in an amount of approximately RMB0.8 million paid to legal advisers involved in our Series C Financing and Series D Financing. The terms of our agreements with our financial and legal advisers were determined after arm's length negotiations between us and each of such professional advisers, and were generally in line with market practice. There were no other side agreements, arrangements, understanding or undertakings between the parties; (ii) an increase in the listing expenses of RMB5.5 million mainly in connection with our proposed Listing; and (iii) an increase in the employee benefit expenses of RMB51.0 million primarily due to an increase in equity-settled share awards as we granted restricted shares to our key administrative employees.

Research and Development Expenses

Our research and development expenses increased significantly from RMB21.5 million in 2019 to RMB245.7 million in 2020, mainly due to (i) an increase in employee benefit expenses of RMB219.1 million primarily due to an increase in equity-settled share awards as we granted restricted shares to our key research and development employees and Mr. Jay Qin, a former technology consultant of AngioCare, in recognition of their contributions to our product and technology development; and (ii) an increase in testing fees of RMB2.8 million as a result of the acquisition of AngioCare and the development progress of our pipeline products.

Other Expenses

Our other expenses increased from RMB5,000 in 2019 to RMB16.4 million in 2020, mainly because we incurred foreign exchange losses for the funds we received from our Pre-IPO Investments.

Finance Costs

Our finance costs decreased from RMB86,000 in 2019 to RMB56,000 in 2020, mainly due to a decrease in the interest on lease liabilities.

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

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

	As at December 31,		As at June 30,
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Total non-current assets	21,327	314,277	337,790
Total current assets	32,788	470,765	417,609
Total assets	54,115	785,042	755,399
Total current liabilities	8,712	13,867	17,787
Total non-current liabilities	7,264	27,262	35,243
Net current assets	24,076	456,898	399,822
Total liabilities	15,976	41,129	53,030
Net assets	38,139	743,913	702,369

Our total assets increased from RMB54.1 million as at December 31, 2019 to RMB785.0 million as at December 31, 2020, primarily resulting from (i) a significant increase in our cash and cash equivalents from RMB20.7 million to RMB453.7 million, primarily attributable to the funds we received from our Pre-IPO Investments, and (ii) the goodwill acquired in relation to our acquisition of AngioCare in September 2020 in the amount of RMB144.6 million.

Our total assets decreased from RMB785.0 million as at December 31, 2020 to RMB755.4 million as at June 30, 2021, primarily resulting from a decrease in our cash and cash equivalents from RMB453.7 million to RMB166.3 million, mainly attributable to the six-month bank deposits we made in 2021, and research and development expenses and administrative expenses incurred from our daily operations, partially offset by an increase in time deposits of RMB226.7 million as a result of such six-month bank deposits.

Our net current assets increased from RMB24.1 million as at December 31, 2019 to RMB456.9 million as at December 31, 2020, primarily because of a significant increase in cash and cash equivalents from RMB20.7 million to RMB453.7 million, primarily attributable to the funds we received from Series C Financing and Series D Financing.

Our net current assets decreased from RMB456.9 million as at December 31, 2020 to RMB399.8 million as at June 30, 2021, primarily because of a decrease in our cash and cash equivalents from RMB453.7 million to RMB166.3 million, mainly attributable to the six-month bank deposits we made in 2021, and research and development expenses and administrative expenses incurred from our daily operations, partially offset by an increase in time deposits of RMB226.7 million as a result of such six-month bank deposits.

Our total liabilities increased from RMB16.0 million as at December 31, 2019 to RMB41.1 million as at December 31, 2020, primarily because of (i) an increase in other payables and accruals from RMB1.8 million to RMB12.1 million mainly as a result of (a) an increase in accrued listing expenses of RMB7.1 million mainly in connection with our proposed Listing, and (b) an increase in accruals for research and development of RMB2.7 million, mainly due to the acceleration of our clinical studies for Bioheart® and Iberis® 2nd as well as our pre-clinical studies for our other pipeline products, and (ii) an increase in the deferred tax liabilities from nil to RMB20.6 million, a temporary change arising from the intangible assets acquired through the acquisition of AngioCare.

Our total liabilities increased from RMB41.1 million as at December 31, 2020 to RMB53.0 million as at June 30, 2021, primarily because of (i) an increase in lease liabilities from RMB1.3 million to RMB10.6 million, mainly attributable to our lease of a new plant in 2021, and (ii) an increase in other payables and accruals from RMB12.1 million to RMB14.7 million mainly as a result of an increase in accrued listing expenses payable to third-party advisers in connection with our proposed Listing.

Our net assets increased from RMB38.1 million as at December 31, 2019 to RMB743.9 million as at December 31, 2020, primarily because of (i) a significant increase in cash and cash equivalents from RMB20.7 million to RMB453.7 million, primarily attributable to the funds we received from Series C Financing and Series D Financing; and (ii) the goodwill and other intangible assets acquired, and deferred tax liabilities incurred, in relation to our acquisition of AngioCare in September 2020, in the amount of RMB144.6 million, RMB137.2 million and RMB20.6 million, respectively.

Our net assets decreased from RMB743.9 million as at December 31, 2020 to RMB702.4 million as at June 30, 2021, primarily because of (i) a decrease in our cash and cash equivalents from RMB453.7 million to RMB166.3 million, mainly attributable to the six-month bank deposits we made in 2021, and research and development expenses and administrative expenses incurred from our daily operations, (ii) an increase in lease liabilities from RMB1.3 million to RMB10.6 million, mainly attributable to our lease of a new plant in 2021, and (iii) an increase in other payables and accruals from RMB12.1 million to RMB14.7 million mainly as a result of an increase in accrued listing expenses payable to third-party advisers in connection with our proposed Listing, partially offset by an increase in time deposits of RMB226.7 million as a result of such six-month bank deposits.

Current Assets and Liabilities

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

	As at December 31,		As at June 30,	As at October 31,
	2019	2020	2021	2021
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Current assets				
Prepayments, other receivables and other assets	12,035	17,098	24,612	31,456
Amounts due from related parties	81	–	–	–
Cash and cash equivalents	20,672	453,667	166,333	318,941
Time deposits	–	–	226,664	32,047
Total current assets	32,788	470,765	417,609	382,444
Current liabilities				
Trade payables	–	10	197	10
Lease liabilities	1,099	1,236	2,405	2,607
Other payables and accruals	1,826	12,098	14,662	14,081
Amounts due to related parties	5,627	–	–	–
Deferred income	160	523	523	1,279
Total current liabilities	8,712	13,867	17,787	17,977
Net current assets	24,076	456,898	399,822	364,467

Property, Plant and Equipment

Our property, plant and equipment primarily consisted of machinery, office equipment, motor vehicles, leasehold improvement and construction in progress. Our property, plant and equipment decreased from RMB19.7 million as at December 31, 2019 to RMB18.7 million as at December 31, 2020, primarily due to an increase in accumulated depreciation. Our property, plant and equipment increased from RMB18.7 million as at December 31, 2020 to RMB24.9 million as at June 30, 2021, primarily due to an increase in construction in progress related to the renovation of our new leased plant, and an increase in machinery for our research and development activities, partially offset by an increase in accumulated depreciation mainly due to the completion of certain plant renovation project.

Right-of-Use Assets

Our right-of-use assets are primarily related to our leased office premises and plant used in our operations. Our right-of-use assets increased from RMB1.3 million as at December 31, 2019 to RMB1.6 million as at December 31, 2020, mainly as a result of our acquisition of AngioCare in September 2020. Our right-of-use assets further increased from RMB1.6 million as at December 31, 2020 to RMB11.0 million as at June 30, 2021, mainly as a result of our lease of a new plant in 2021.

Other Intangible Assets

We recorded other intangible assets of RMB137.2 million as at December 31, 2020, mainly as a result of the Acquisition of AngioCare. Our other intangible assets remained stable at RMB137.2 million as at June 30, 2021.

Prepayments, Other Receivables and Other Assets (non-current)

Prepayments, other receivables and other assets (non-current) mainly included prepayments for purchase of items of property, plant and equipment, deferred listing expenses, rental deposits and other deposits. The following tables set forth the breakdown of non-current prepayments, other receivables and other assets as at the dates indicated:

	As at December 31,		As at June 30,
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Prepayments for purchase of items of property, plant and equipment	–	2,496	906
Deferred listing expenses	–	8,273	17,663
Rental deposits	231	1,142	1,228
Other deposits	58	262	266
	289	12,173	20,063

Prepayments for purchase of items of property, plant and equipment mainly related to our prepayments for leasehold improvements and purchase of machinery. Rental deposits mainly related to our lease arrangements for office premises. Other deposits mainly related to our purchase of services or raw materials.

Our prepayments, other receivables and other assets (non-current) increased from RMB0.3 million as at December 31, 2019 to RMB12.2 million as at December 31, 2020, mainly due to (i) an increase in prepayments for purchase of items of property, plant and equipment of RMB2.5 million, and (ii) an increase in deferred listing expenses of RMB8.3 million in connection with our proposed Listing. Our prepayments, other receivables and other assets (non-current) further increased from RMB12.2 million as at December 31, 2020 to RMB20.1 million as at June 30, 2021, mainly due to an increase in deferred listing expenses of RMB9.4 million in connection with our proposed Listing, partially offset by a decrease in prepayments for purchase of items of property, plant and equipment of RMB1.6 million.

Goodwill

Our goodwill increased significantly from nil as at December 31, 2019 to RMB144.6 million as at December 31, 2020, mainly as a result of the goodwill recognized for the business combination with AngioCare in September 2020. Our goodwill remained stable at RMB144.6 million as at June 30, 2021.

Goodwill arose in the acquisition of AngioCare because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, research and development ability, future market development and the assembled workforce of AngioCare. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill recognized is expected to be deductible for income tax purposes.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of our Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Our Group performs its annual impairment test of goodwill as at December 31. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of our Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of our Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Prepayments, Other Receivables and Other Assets (current)

Prepayments, other receivables and other assets (current) mainly included prepayments, other receivables, and value-added tax recoverable. The following table sets forth the breakdown of our current prepayments, other receivables and other assets as at the dates indicated:

	As at December 31,		As at June 30,
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Prepayments	11,442	14,784	19,034
Other receivables	245	–	104
Value-added tax recoverable	348	2,314	5,474
	12,035	17,098	24,612

Prepayments mainly related to prepayments made in connection with our purchase of raw materials and other consumables and payments to our CRO and other third parties for services relating to our research and development activities. Other receivables mainly related to cash advances to our employees in connection with their business travels. Value-added tax recoverable mainly represented our value-added tax (VAT) input tax credit that can be refunded by the competent authority within one year. Our VAT input tax credit is resulted from the difference between our VAT input tax (arising from our purchase of services, raw materials and other consumables) and our VAT output tax (arising from consulting income).

Our prepayments, other receivables and other assets (current) increased from RMB12.0 million as at December 31, 2019 to RMB17.1 million as at December 31, 2020, mainly due to (i) an increase in prepayments of RMB3.3 million, primarily due to the prepayments to our CRO and other third parties for services relating to our research and development activities, and (ii) an increase in value-added tax recoverable of RMB2.0 million primarily due to the increased VAT input tax as a result of our purchase of raw materials, services and equipment for conducting clinical trials of our product candidates. Our prepayments, other receivables and other assets (current) further increased from RMB17.1 million as at December 31, 2020 to RMB24.6 million as at June 30, 2021, mainly due to (i) an increase in prepayments of RMB4.3 million, primarily due to the prepayments to our CRO and other third parties for services relating to our research and development activities, and (ii) an increase in value-added tax recoverable of RMB3.2 million, primarily due to the increased VAT input tax mainly as a result of our purchase of equipment for conducting clinical trials of our product candidates and professional services in relation to our proposed Listing.

Cash and Cash Equivalents

Our cash and cash equivalents primarily consisted of cash on hand and cash at banks denominated in RMB, USD, SGD and JPY. The following table sets forth the breakdown of our cash and cash equivalents as at the dates indicated:

	As at December 31,		As at June 30,
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Cash on hand	16	78	75
Cash at banks	20,656	453,589	166,258
	20,672	453,667	166,333

The following table sets forth the breakdown of our cash and cash equivalents denominated in RMB, USD, SGD and JPY as at the dates indicated:

	As at December 31,		As at June 30,
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
RMB	20,665	122,660	76,105
USD	7	331,004	90,226
SGD	–	2	1
JPY	–	1	1
	20,672	453,667	166,333

Our cash and cash equivalents significantly increased from RMB20.7 million as at December 31, 2019 to RMB453.7 million as at December 31, 2020, mainly attributable to the funds we received from our Pre-IPO Investments. Our cash and cash equivalents decreased from RMB453.7 million as at December 31, 2020 to RMB166.3 million as at June 30, 2021, mainly attributable to the six-month deposits we made in 2021, and research and development expenses and administrative expenses incurred from our daily operations.

Trade Payables

Trade payables mainly included invoiced payables in connection with our purchase of raw materials and other consumables used in our research and development activities.

Our trade payables increased from nil as at December 31, 2019 to RMB10,000 as at December 31, 2020, and further increased to RMB197,000 as at June 30, 2021, primarily relating to our purchase of raw materials and equipment.

The following table sets forth the aging analysis of our trade payables based on the invoice date as at the dates indicated:

	As at December 31,		As at June 30,
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Within three months	–	–	187
Over twelve months	–	10	10
	–	10	197

As of October 31, 2021, we had settled trade payables of RMB0.2 million, representing approximately 98.4% of our trade payables outstanding as of June 30, 2021.

Deferred Tax Liabilities

Our deferred tax liabilities during the Track Record Period were mainly in relation to the acquisition of AngioCare in September 2020. The following table sets forth our deferred tax liabilities between December 31, 2020 and June 30, 2021:

	Fair value adjustments arising from acquisition of a subsidiary
	RMB'000
As at December 31, 2020 and June 30, 2021	20,580

Deferred Income

Our deferred income represented government grants. The following table sets forth the breakdown of our deferred income as at the dates indicated:

	As at December 31,		As at June 30,
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Government grants:			
Current	160	523	523
Non-current	7,040	6,602	6,480
	7,200	7,125	7,003

The following table sets forth the movements of our government grants recorded under the deferred income as at the dates indicated:

	As at December 31,		As at June 30,
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
At beginning of the year/period	7,560	7,200	7,125
Grants received during the year/period	–	240	–
Recognized as income during the year/period	(360)	(1,989)	(122)
Acquisition of a subsidiary	–	1,674	–
	7,200	7,125	7,003

Our deferred income remained relatively stable at RMB7.2 million, RMB7.1 million and RMB7.0 million as at December 31, 2019, December 31, 2020 and June 30, 2021, respectively.

Other Payables and Accruals

Our other payables and accruals primarily consisted of accruals for research and development, payroll payable, accrued listing expenses, and other payables. The table below sets forth a breakdown of our other payables and accruals as at the dates indicated:

	As at December 31,		As at June 30,
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Accruals for research and development	659	3,335	3,003
Payroll payable	322	1,360	999
Accrued listing expenses	–	7,146	9,846
Other payables	845	257	814
	1,826	12,098	14,662

Our other payables and accruals increased from RMB1.8 million as at December 31, 2019 to RMB12.1 million as at December 31, 2020, primarily due to (i) an increase in accrued listing expenses of RMB7.1 million, and (ii) an increase in accruals for research and development of RMB2.7 million mainly due to the acceleration of our clinical studies for Bioheart® and Iberis® 2nd as well as our pre-clinical studies for our other pipeline products. Our other payables and accruals increased from RMB12.1 million as at December 31, 2020 to RMB14.7 million as at June 30, 2021, primarily due to an increase in accrued listing expenses of RMB2.7 million payable to third-party advisors in connection with our proposed Listing.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our primary uses of cash are to fund the development of our product candidates, our clinical trials, our payment for the purchase of plant and equipment, administrative expenses and other recurring expenses. Our net cash used in operating activities was RMB21.4 million, RMB48.5 million and RMB38.3 million, in 2019, 2020 and the six months ended June 30, 2021, respectively, primarily due to the significant research and development expenses and administrative expenses we incurred during the Track Record Period. Our operating cash flow will continue to be affected by our research and development expenses. During the Track Record Period and up to the Latest Practicable Date, we mainly relied on capital contributions by our shareholders and equity financing as the major sources of liquidity. Our management closely monitors uses of cash and cash balances and strives to maintain a healthy liquidity for our operations. Going forward, we believe our liquidity requirements will be satisfied by a combination of net proceeds from the Global Offering and cash generated from our operations. As at June 30, 2021, we had cash and cash equivalents of RMB166.3 million.

Cash Flows

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

	Year Ended December 31,		Six Months Ended June 30,	
	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Operating cash flows before movements in working capital	(15,949)	(47,553)	(9,804)	(31,725)
Changes in working capital	(5,412)	(941)	629	(6,541)
Interest paid	–	–	–	–
Income tax paid	–	–	–	–
Net cash flows used in operating activities	(21,361)	(48,494)	(9,175)	(38,266)
Net cash flows used in investing activities	(5,660)	(225,151)	(604)	(238,459)
Net cash flows from/(used in) financing activities	43,090	722,993	(676)	(9,889)
Net increase in cash and cash equivalents	16,069	449,348	(10,455)	(286,614)
Cash and cash equivalents at beginning of the year/period	4,595	20,672	20,672	453,667
Effect of foreign exchange rate changes, net	8	(16,353)	–	(720)
Cash and cash equivalents at end of the year/period	20,672	453,667	10,217	166,333

Net Cash Flows Used in Operating Activities

For the six months ended June 30, 2021, our net cash used in operating activities was RMB38.3 million, which was primarily attributable to our net loss before tax of RMB227.5 million, adjusted for non-cash and non-operating items. Positive adjustments for non-cash and non-operating items primarily included equity-settled share award expense of RMB186.0 million. The amount was then further adjusted negatively by changes in working capital, primarily including an increase in prepayments, other receivables and other assets of RMB7.6 million, partially offset by an increase in other payables and accruals of RMB1.0 million.

In 2020, our net cash used in operating activities was RMB48.5 million, which was primarily attributable to our net loss before tax of RMB340.3 million, adjusted for non-cash and non-operating items. Positive adjustments for non-cash and non-operating items primarily included equity-settled share award expense of RMB268.1 million. The amount was then further adjusted negatively by changes in working capital, primarily including an increase in prepayments, other receivables and other assets of RMB3.1 million, and a decrease in deferred income of RMB1.7 million, partially offset by an increase in other payables and accruals of RMB3.6 million.

In 2019, our net cash used in operating activities was RMB21.4 million, which was primarily attributable to our net loss before tax of RMB23.7 million, adjusted for non-cash and non-operating items. Positive adjustments for non-cash and non-operating items primarily included depreciation of property, plant and equipment of RMB6.8 million. The amount was then adjusted negatively by changes in working capital, primarily including an increase in prepayments, other receivables and other assets of RMB9.8 million, partially offset by a decrease in amounts due from related parties of RMB2.7 million and an increase in other payables and accruals of RMB1.4 million.

We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. In view of our net operating cash outflows throughout the Track Record Period, we plan to improve such position by (i) rapidly advancing our late-stage pipeline products towards commercialization to generate revenue from product sales; (ii) adopting comprehensive measures to effectively control our costs and operating expenses; (iii) enhancing working capital management efficiency; (iv) successfully launching the Global Offering to obtain the proceeds; and (v) seeking additional funding through public or private offerings, debt financing or other sources, if needed.

Net Cash Flows Used in Investing Activities

For the six months ended June 30, 2021, our net cash used in investing activities was RMB238.5 million, primarily as a result of an increase in bank deposits with initial terms of over three months when acquired of RMB228.6 million, and purchases of items of property, plant and equipment of RMB10.1 million, and partially offset by the bank interest income of RMB0.3 million.

In 2020, our net cash used in investing activities was RMB225.2 million, primarily as a result of the acquisition of AngioCare of RMB220.4 million, purchases of items of property, plant and equipment of RMB5.7 million and advances of loans to related parties of RMB0.5 million, and partially offset by the repayments of loans to related parties of RMB1.4 million.

In 2019, our net cash used in investing activities was RMB5.7 million, primarily as a result of purchases of items of property, plant and equipment of RMB15.0 million mainly related to our purchase of machinery, and advances of loans to related parties of RMB5.1 million, and partially offset by repayments of loans to related parties of RMB14.4 million.

For details of the advances and repayments of the loans to related parties, please refer to the paragraphs headed "— Related Party Transactions" in this prospectus.

Net Cash Flows From / (Used in) Financing Activities

For the six months ended June 30, 2021, our net cash used in financing activities was RMB9.9 million, primarily as a result of payment of listing expenses of RMB7.8 million, and lease payments of RMB2.1 million.

In 2020, our net cash generated from financing activities was RMB723.0 million, primarily as a result of capital contribution from shareholders of RMB718.9 million and shares issued to the restricted shares platform of RMB14.5 million, and partially offset by repayments of borrowings from related parties of RMB5.3 million, payment of listing expenses of RMB3.9 million and lease payments of RMB1.2 million.

In 2019, our net cash generated from financing activities was RMB43.1 million, primarily as a result of capital contribution from shareholders of RMB39.2 million and borrowings from related parties of RMB11.5 million, and partially offset by repayments of borrowings from related parties of RMB6.9 million and lease payments of RMB0.7 million.

For details of the borrowings and repayments of borrowings from related parties, please refer to the paragraphs headed "— Related Party Transactions" in this prospectus.

WORKING CAPITAL CONFIRMATION

Our Directors are of the opinion that, taking into account of the financial resources available to us, including cash and cash equivalents, the estimated net proceeds from the Global Offering and our cash burn rate, we have sufficient working capital to cover at least 125% of our costs and expenses for normal operation, including research and development expenses, administrative expenses, other expenses, for at least the next twelve months from the date of this prospectus.

CASH OPERATING COSTS

The following table sets forth key information relating to our cash operating costs for the periods indicated:

	Year Ended December 31,		Six Months Ended June 30,	
	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
R&D costs				
R&D costs for our Core Product				
– Clinical trial expense	14,073	7,955	3,853	7,832
– Staff costs	2,773	1,886	976	1,103
– Raw materials costs	3,139	3,446	983	297
– Others	418	3,954	2,015	2,248
R&D costs for our other product candidates[(1)]				
– Clinical trial expense	–	1,012	–	4,157
– Staff costs	–	1,151	–	3,442
– Raw materials costs	–	2,665	–	3,273
– Others	–	261	–	794
Workforce employment costs[(2)]	190	1,386	359	3,151
Product marketing costs[(3)]	–	–	–	–
Direct production costs[(4)]	–	–	–	–
Non-income taxes, royalties and other governmental charges	400	666	161	1,404
Contingency allowance	–	–	–	–
Others[(5)]	2,040	28,088	1,358	10,515
	23,033	**52,470**	**9,705**	**38,216**

Notes:

(1) Although AngioCare incurred R&D costs for our RDN product candidate during the Track Record Period, AngioCare's results of operations were not consolidated with ours until September 21, 2020, so the relevant costs were not reflected in our consolidated financial statements.

(2) Workforce employment cost mainly included salaries and benefits paid to our employees other than our research and development personnel.

(3) We had not commenced product sales during the Track Record Period and up to the Latest Practicable Date, and did not incur material product marketing costs.

(4) We had not commenced commercial production of our product candidates during the Track Record Period and up to the Latest Practicable Date, and therefore did not incur direct production costs.

(5) Others mainly included professional fees, which primarily consist of legal and financial adviser fees related to our Pre-IPO Investments and the Global Offering, and office and travel expenses.

INDEBTEDNESS

Borrowings

As at December 31, 2019 and 2020, June 30, 2021 and October 31, 2021, we did not have any outstanding balance of borrowings.

As of the Latest Practicable Date, we had no unutilized banking facilities.

Lease Liabilities

The following table sets forth our lease liabilities as at the dates indicated:

	As at December 31,		As at June 30,	As at October 31,
	2019	2020	2021	2021
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Current	1,099	1,236	2,405	2,607
Non-current	224	80	8,183	9,270
	1,323	**1,316**	**10,588**	**11,877**

We did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as at October 31, 2021. Our lease liabilities increased significantly as at June 30, 2021 as compared to December 31, 2020, primarily because we entered into a property lease agreement in December 2020 to build our in-house manufacturing facility. According to the terms of the lease agreement, the first two months are rent-free for the landlord to complete the necessary approval or filing procedures and the possession of the property was not delivered to us until February 22, 2021, the commencement date of the lease under IFRS 16. Our lease liabilities increased from RMB10.6 million as at June 30, 2021 to RMB11.9 million as at October 31, 2021, primarily due to the renewal of a leased property for manufacturing and office uses. Since October 31, 2021 and up to the Latest Practicable Date, there had not been any material adverse change to our indebtedness.

After due and careful consideration, our Directors confirm that there had been no material adverse change in our indebtedness since October 31, 2021 and up to the Latest Practicable Date.

CAPITAL EXPENDITURES

We regularly incur capital expenditures to expand our operations, upgrade our facilities, enhance our development capabilities and increase our operating efficiency. Our capital expenditures primarily consisted of expenditures on machinery, office equipment, motor vehicles as well as leasehold improvements during the Track Record Period. Historically, we have funded our capital expenditures mainly through capital contributions by our shareholders and equity financing.

The following table sets forth our capital expenditures for the periods indicated:

	Year Ended December 31,		Six Months Ended June 30,	
	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Purchases of items of property, plant and equipment	14,989	5,747	–	10,116
	14,989	**5,747**	**–**	**10,116**

CONTRACTUAL OBLIGATIONS

Capital Commitments

As at December 31, 2019 and 2020 and June 30, 2021, we had capital commitments of nil, RMB2.9 million and RMB9.6 million, respectively, primarily in connection with capital expenditures contracted for at each balance sheet date, but not yet incurred, with respect to our purchase of property, plant and equipment.

CONTINGENT LIABILITIES

As at December 31, 2019 and 2020 and June 30, 2021, we did not have any contingent liabilities. We confirm that as of the Latest Practicable Date, there had been no material changes or arrangements to our contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

KEY FINANCIAL RATIO

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

	As at December 31,		As at June 30,
	2019	2020	2021
Current ratio*	3.8	33.9	23.5

Note:

* Current ratio represents current assets divided by current liabilities as of the same date.

Our current ratio increased from 3.8 as at December 31, 2019 to 33.9 as at December 31, 2020, mainly attributable to (1) an increase in cash and cash equivalents of RMB433.0 million, and (2) an increase in prepayments, other receivables and other assets of RMB5.1 million. Our current ratio decreased from 33.9 as at December 31, 2020 to 23.5 as at June 30, 2021, primarily because of an increase in other payables and accruals of RMB2.6 million.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had the following transactions with the following related parties that had material transaction amounts or balances with us. To clarify, our Group is able to obtain alternative financings if and when needed and does not rely on the loans provided by our related parties. As such, there is no financial reliance on our related parties.

(1) Transaction with Related Parties

- ***Purchases of Services***

	Year Ended December 31,		Six Months Ended June 30,	
	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CCRF (Beijing) Inc.	3,369	N/A[1]	N/A[1]	N/A[1]
AngioCare	692	507	338	–
Beijing Huilifuda Trading Co., Ltd.	2,838	N/A[1]	N/A[1]	N/A[1]
	6,899	**507**	**338**	**–**

Note:

(1) CCRF (Beijing) Inc. and Beijing Huilifuda Trading Co., Ltd. became our related parties as they were controlled by Mr. Yin Zhu, who once served as our Director but resigned in September 2019. Following his resignation, these two companies were no longer our related parties.

- ***Other income of Consulting Services***

	Year Ended December 31,		Six Months Ended June 30,	
	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Shanghai Xinzhi Pharmaceutical Technology Co., Ltd.	47	–	–	–
	47	**–**	**–**	**–**

- ***Loan to a Related Party***

	Year Ended December 31,		Six Months Ended June 30,	
	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Mr. Wang	5,121	528	664	–

- ***Repayments of a Loan to a Related Party***

	Year Ended December 31,		Six Months Ended June 30,	
	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Mr. Wang	14,442	1,351	16	–

We made several loans to Mr. Wang historically and during the Track Record Period to satisfy his short-term liquidity needs. All such loans were unsecured, interest-free, and repayable on demand. As of June 30, 2021, Mr. Wang had repaid all such loans in full and we will not grant new loans to Mr. Wang prior to the Listing. With respect to any future financial assistance to be provided to Mr. Wang after the Listing, we will strictly comply with all the requirements under the Listing Rules and seek for independent Shareholders' approval as appropriate.

- ***Borrowings from Related Parties***

	Year Ended December 31,		Six Months Ended June 30,	
	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Mr. Wang	6,810	–	–	–
Ms. Peili Wang	3,507	–	–	–
Shanghai Yiyou Trading Co., Ltd.	1,200	–	–	–
	11,517	**–**	**–**	**–**

- ***Repayments of Borrowings from Related Parties***

	Year Ended December 31,		Six Months Ended June 30,	
	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Mr. Wang	6,183	627	627	–
Ms. Peili Wang	–	4,220	–	–
Shanghai Yiyou Trading Co., Ltd.	700	500	–	–
	6,883	**5,347**	**627**	**–**

We made borrowings from our related parties historically and during the Track Record Period to satisfy our short-term working capital or liquidity needs. All such borrowings were unsecured, interest-free, and repayable on demand or with terms ranging from one year to three years. As of June 30, 2021, we had repaid all such borrowings in full. We have sufficient capital to support our operations and do not plan to make additional borrowings from our related parties prior to the Listing. With respect to any future financial assistance we may receive from our related parties after the Listing, we will comply with all the requirements under the Listing Rules.

(2) Outstanding Balances with Related Parties

- ***Amounts Due from a Related Party***

	Nature	As at December 31,		As at June 30,
		2019	2020	2021
		RMB'000	RMB'000	RMB'000
Mr. Wang	non-trade	81	–	–
		81	–	–

- ***Amounts Due to Related Parties***

	Nature	As at December 31,		As at June 30,
		2019	2020	2021
		RMB'000	RMB'000	RMB'000
Ms. Peili Wang	non-trade	4,220	–	–
Shanghai Yiyou Trading Co., Ltd.	non-trade	500	–	–
AngioCare	trade	907	N/A(1)	N/A(1)
		5,627	–	–

Note:

(1) AngioCare was our related party as Mr. Wang was a director of AngioCare. After the Acquisition in September 2020, AngioCare became our subsidiary and was no longer treated as our related party.

Our amounts due from and due to the related parties as of December 31, 2019 are non-trade in nature, unsecured and interest-free, except that the amounts due to AngioCare are payables for purchase of services.

Our Directors confirm that all material related party transactions during the Track Record Period were conducted on an arm's length basis, and would not distort our results of operations over the Track Record Period or make our historical results over the Track Record Period not reflective of our expectations for our future performance.

MARKET RISK DISCLOSURE

We are exposed to a variety of financial risks, including foreign exchange risk, credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our Group's financial performance. For more details, please refer to Note 36 to Appendix IA in this prospectus. As of the Latest Practicable Date, we did not hedge or consider necessary to hedge any of these risks.

Foreign Currency Risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not our functional currency, i.e., RMB.

Certain bank balances and cash are denominated in foreign currencies that are exposed to foreign currency risk. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency.

As at December 31, 2019, December 31, 2020 and June 30, 2021, if the RMB strengthened/weakened by 5% against the USD with all other variables held constant, foreign exchange net loss for the year would have been nil, RMB16,550,000 and RMB15,786,000 higher/lower, respectively. For more details, please refer to Note 36 to Appendix IA in this prospectus.

Credit Risk

Credit risk mainly arises from cash and cash equivalents and other receivables. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheet. We expect that there is no significant credit risk associated with cash and cash equivalents since they are deposited at state-owned banks or reputable commercial banks which are high-credit-quality financial institutions. Management does not expect that there will be any significant losses from non-performance by these counterparties. For other receivables, management makes periodic assessments as well as individual assessment on the recoverability based on historical settlement records and past experience and adjusts for forward looking information. Management has assessed that during the Track Record Period, there had not been a significant increase in credit risk for other receivables since initial recognition. Thus, a twelve-month expected credit loss approach that results from possible default event within twelve months of each reporting date is adopted by management. The Directors of our Company did not expect any losses from non-performance by the counterparties of other receivables and no expected credit loss provision for other receivables was recognized. For more details, please refer to Note 36 to Appendix IA in this prospectus.

Liquidity risk

We aim to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, our policy is to regularly monitor our liquidity risk and to maintain adequate cash and cash equivalents to meet our liquidity requirements. For more details, please refer to Note 36 of Appendix IA of this prospectus.

DIVIDEND

No dividend has been paid or declared by our Company or the subsidiary now comprising our Group during the Track Record Period. We currently expect to retain all future earnings for use in the operation and expansion of our business, and do not have any dividend policy to declare or pay any dividends in the near future. Any declaration and payment as well as the amount of dividends will be subject to our Articles of Association and the PRC Company Law. The declaration and payment of any dividends in the future will be determined by our Board, in its discretion, and will depend on a number of factors, including our earnings, capital requirements, overall financial conditions and contractual restrictions. Our Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. As confirmed by our PRC Legal Adviser, according to the PRC law, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses have been made up for, and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above. In light of our accumulated losses as disclosed in this prospectus, it is unlikely that we will be eligible to pay a dividend out of our profits in the near future. There is no assurance that dividends of any amount will be declared to be distributed in any year.

We may need dividends and other distributions on equity from our subsidiary, AngioCare, which was also incorporated in PRC, to satisfy our liquidity requirements. Current PRC regulations permit AngioCare to pay dividends to us only out of its distributable profits. Distributable profits are AngioCare's after-tax profits, less any recovery of accumulated losses and appropriations to statutory and other reserves that AngioCare is required to make. In addition, AngioCare is required to set aside at least 10% of its respective after-tax profits each year to fund statutory reserve until the total amount set aside reaches 50% of its respective registered capital. Where the aggregate balance of statutory reserve is insufficient to cover loss in the previous financial year, the current financial year's profits shall first be used to cover the loss before any statutory reserve is set aside. AngioCare may also allocate a portion of their after-tax profits to discretional reserve where it has set aside statutory reserve from their after-tax profits, subject to a resolution of the shareholders. These reserves are not distributable as cash dividends. Furthermore, if AngioCare incurs debt on its own behalf, the instruments governing such debt may restrict its ability to pay dividends or make other payments to us.

DISTRIBUTABLE RESERVES

As at June 30, 2021, we did not have any distributable reserves.

LISTING EXPENSE

Listing expenses to be borne by us are estimated to be approximately RMB59.3 million (HK$72.3 million) (at the Offer Price of HK$23.02 per Offer Share, being the mid-point of the Offer Price range, and assuming the Over-allotment Option is not exercised), of which (i) underwriting-related expenses, including underwriting commission and other expenses are approximately RMB26.1 million (HK$31.8 million) and (ii) non-underwriting-related expenses are approximately RMB33.2 million (HK$40.5 million), comprising (a) fees and expenses of legal advisers and accountants of approximately RMB24.3 million (HK$29.60 million) and (b) other fees and expenses of approximately RMB9.0 million (HK$10.9 million). As of June 30, 2021, we incurred a total of RMB29.7 million (HK$36.2 million) in listing expenses, among which RMB12.0 million were recognized in our consolidated statement of comprehensive loss prior to June 30, 2021, and RMB17.7 million were capitalized.

We estimate that additional listing expenses of approximately RMB29.6 million (HK$36.1 million) (including underwriting commissions and incentive fees of approximately RMB20.3 million (HK$24.8 million), assuming the Over-allotment Option is not exercised and based on the Offer Price of HK$23.02 per Offer Share, being the mid-point of the Offer Price range) will be incurred by our Company, approximately RMB12.9 million (HK$15.7 million) of which is expected to be charged to our consolidated statements of profit or loss, and approximately RMB16.7 million (HK$20.4 million) of which is expected to be capitalized. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of our Group prepared in accordance with paragraph 4.29 of the Listing Rules and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants for illustrative purposes only, and is set out here to illustrate the effect of the Global Offering on the consolidated net tangible assets of our Group attributable to owners of the parent as if the Global Offering had taken place on June 30, 2021.

The unaudited pro forma statement of adjusted consolidated net tangible assets of our Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of our Group to owners of the parent had the Global Offering been completed as of June 30, 2021 or as at any future dates.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at June 30, 2021	**Estimated net proceeds from the Global Offering**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at June 30, 2021**	**Unaudited pro forma adjusted consolidated net tangible assets per Share as at 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$21.25 per Offer Share	425,988	371,057	797,045	3.27	3.99
Based on an Offer Price of HK$24.79 per Offer Share	425,988	437,355	863,343	3.54	4.32

Notes:

1. The consolidated net tangible assets of our Group attributable to equity holders of the Company as at June 30, 2021 was equal to the audited net assets attributable to owners of the Company as at June 30, 2021 of RMB660,745,000 after deducting other intangible assets attributable to owners of the Company of RMB90,127,000 and goodwill of RMB144,630,000 as of June 30, 2021 as set out in the Accountants' Report in Appendix IA to this prospectus.

2. The estimated net proceeds from the Global Offering are based on the estimated low end and high end offer prices of HK$21.25 or HK$24.79 per Offer Share after deducting the underwriting fees and other related expenses (excluding listing expense of approximately RMB11,990,000 which have been accounted for in our Group's consolidated statements of comprehensive loss prior to June 30, 2021) payable by the Company and do not take into account any share which may be sold and offered upon exercise of the Over-allotment Option.

3. The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 243,937,000 Shares are in issue assuming the Global Offering has been completed on June 30, 2021.

4. For the purpose of this unaudited pro forma statement of adjusted net tangible assets, the balances stated in RMB are converted into HK$ at the rate of RMB1.00 to HK$1.2205.

5. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of our Group entered into subsequent to June 30, 2021.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that up to the date of this prospectus, other than as disclosed under the "Recent Developments and No Material Adverse Change" in the "Summary" section in this prospectus, there had been no material adverse change in our financial, operational or prospects since June 30, 2021, being the latest balance sheet date of our consolidated financial statements as set out in the Accountant's Report included in Appendix IA to this prospectus.

IMPACT OF THE COVID-19 OUTBREAK

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

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

- Clinical trials: We experienced slight delays in the patient enrollment, data collection and data analyses processes for certain of our clinical trials. Specifically, since trial subjects were required to physically visit the hospitals to conduct their follow-ups for the RCT for Bioheart®, we experienced approximately three-month delays in completing the follow-up process. As of the Latest Practicable Date, we had completed all the necessary follow-ups to evaluate the primary endpoint of the RCT. With respect to our RCT for Iberis® 2nd, we paused patient enrollment for approximately three months during the outbreak of COVID-19 but had resumed the normal patient enrollment process in April 2020. Having said that, the outbreak of COVID-19 did not cause any early termination of our clinical trials or necessitate removal of any patients enrolled in our clinical trials. We have employed various measures to mitigate the negative impact the COVID-19 outbreak may have on our ongoing clinical trials in China, including providing alternative methods for safety and efficacy assessment, continuing patient follow-ups through remote access, and engaging in necessary communications with the principal investigators for the clinical trials to identify and address any issues that may arise. As of the Latest Practicable Date, we had resumed the normal patient enrollment and data analyses for our clinical trials in China. With respect to our clinical trial in Japan, the clinical trial plan will be discussed with the Pharmaceuticals and Medical Devices Agency in Japan, and we currently expect to initiate a randomized controlled clinical trial for Iberis® 2nd in 2022. Based on the foregoing, we currently do not expect the COVID-19 outbreak will have any material long-term impact on our clinical trials or our overall clinical development plans.

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

- Supply chain: We currently do not expect our supply chain will be materially and negatively impacted by COVID-19. Our major domestic suppliers had all resumed normal operations, and none of our overseas suppliers had reported any material disruption to their business operations as a result of COVID-19, as of the Latest Practicable Date. We have not experienced any material difficulties in procuring our major raw materials and have not experienced significant fluctuations in the prices of our supplies.

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

For more details, please refer to the paragraphs headed "Risk Factors — Risks Relating to Our Operations — Our business, results of operations and financial position could be adversely affected by the ongoing COVID-19 pandemic" and "Summary — Recent Developments and no material adverse change — Impact of the COVID-19 Outbreak" in this prospectus. We will continue to monitor and evaluate any impact of the COVID-19 outbreak on us and adjust our precautionary measures according to the latest developments of the outbreak.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FINANCIAL INFORMATION OF ANGIOCARE

The following table sets forth the statements of profit or loss of AngioCare for the periods indicated, which is derived from the statements of profit or loss of AngioCare set out in the Accountant's Report included in Appendix IB to this prospectus:

	Year Ended December 31,	Nine Months Ended September 30,	
	2019	2019	2020
	RMB'000	RMB'000 (unaudited)	RMB'000
Other income and gains	1,855	1,446	1,922
Administrative expenses	(3,230)	(2,280)	(3,595)
Research and development expenses	(9,130)	(6,856)	(6,941)
Other expenses	(81)	(67)	(1,650)
Finance costs	(108)	(80)	(68)
Loss before tax	(10,694)	(7,837)	(10,332)
Income tax expense	–	–	–
Loss for the year/period	(10,694)	(7,837)	(10,332)

Other Income and Gains

AngioCare's other income and gains mainly consisted of government grants, bank interest income, consulting income, provision of labor secondment services and others.

Government grants mainly represent government subsidies for compensating AngioCare's expenses relating to certain research and development projects. Bank interest income refers to the amount of interest AngioCare received from its deposits with commercial banks. Consulting income mainly included the consulting fees received by AngioCare for its provision of consulting services to third parties. Gains under provision of labor secondment services refers to the service fees received by AngioCare for placing its employees as secondment to work temporarily for us before the Acquisition of AngioCare in September, 2020. Others mainly included loss on disposal of property, plant and equipment.

The following table sets forth a breakdown of AngioCare's other income and gains for the periods indicated:

	Year Ended December 31,	Nine Months Ended September 30,	
	2019	2019	2020
	RMB'000	RMB'000 (unaudited)	RMB'000
Other income			
Government grants	209	195	792
Bank interest income	217	174	61
Consulting income	722	542	542
Provision of labor secondment services	692	526	507
Others	15	9	20
	1,855	**1,446**	**1,922**

AngioCare's other income and gains amounted to RMB1.9 million in 2019, and amounted to RMB1.4 million and RMB1.9 million for the nine months ended September 30, 2019 and September 30, 2020, respectively.

Administrative Expenses

AngioCare's administrative expenses mainly consisted of employee benefit expenses, depreciation expenses, utilities and office expenses and others.

The following table sets forth a breakdown of AngioCare's administrative expenses for the periods indicated:

	Year Ended December 31,	Nine Months Ended September 30,	
	2019	2019	2020
	RMB'000	RMB'000 (unaudited)	RMB'000
Employee benefits expenses	1,605	1,178	2,705
Depreciation expenses	600	469	372
Professional service expenses	7	7	15
Utilities and office expenses	404	262	225
Others	614	364	278
	3,230	**2,280**	**3,595**

Employee benefit expenses mainly included salaries, equity-settled share awards and other welfare for AngioCare's administrative employees. For 2019 and the nine months ended September 30, 2020, AngioCare's equity-settled share award expenses under administrative expenses were nil and RMB1.6 million, respectively. Depreciation expenses mainly included depreciation expenses of AngioCare's office equipment, motor vehicles and office rentals which were used for administrative purposes. Professional service expenses mainly included audit fees, among others. Utilities and office expenses mainly included utilities and other general office expenses incurred by AngioCare's administrative employees. Others mainly included hospitality expenses, traveling and transportation expenses, tax, surcharges and other general expenses incurred by AngioCare for administrative purposes.

Research and Development Expenses

AngioCare's research and development expenses mainly consisted of testing fees, employee benefits expenses, costs of raw materials and consumables used, depreciation expenses, consulting fee and others.

The following table sets forth a breakdown of AngioCare's research and development expenses for the periods indicated:

	Year Ended December 31,	Nine Months Ended September 30,	
	2019	2019	2020
	RMB'000	RMB'000 (unaudited)	RMB'000
Testing fees	2,631	1,802	1,458
Employee benefits expenses	2,656	2,033	2,864
Cost of raw materials and consumables used	193	122	390
Depreciation expenses	1,474	1,105	1,059
Consulting fee	1,337	1,117	682
Others	839	677	488
	9,130	**6,856**	**6,941**

Testing fees mainly consisted of expenses incurred by AngioCare for conducting pre-clinical studies and clinical trials, including payments to CROs, SMOs, hospitals and other medical institutions in relation to AngioCare's pre-clinical studies and clinical trials. Employee benefits expenses under research and development expenses primarily included the salaries, welfare and equity-settled share awards for AngioCare's research and development employees. For 2019 and the nine months ended September 30, 2020, AngioCare's equity-settled share award expenses under research and development expenses were nil and RMB1.5 million, respectively. Costs of raw materials and consumables used under the research and development expenses consisted of raw materials used for developing AngioCare's product candidates. Depreciation expenses under the research and development expenses mainly consisted of depreciation of equipment and office rentals. Consulting fee was mainly incurred in connection with the overseas animal studies for our product candidates.

Others mainly included expense reimbursements incurred by AngioCare's research and development employees as well as other general expenses incurred by AngioCare for the purpose of research and development.

Other Expenses

The following table sets forth a breakdown of AngioCare's other expenses for the periods indicated:

	Year Ended December 31,	Nine Months Ended September 30,	
	2019	2019	2020
	RMB'000	RMB'000 (unaudited)	RMB'000
Cost relating to consulting income	57	42	42
Loss on disposal of items of property, plant and equipment	24	25	1,608
	81	**67**	**1,650**

Finance Costs

AngioCare's finance costs mainly consisted of interest on lease liabilities.

The following table sets forth a breakdown of AngioCare's finance costs for the periods indicated:

	Year Ended December 31,	Nine Months Ended September 30,	
	2019	2019	2020
	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on lease liabilities	108	80	68
	108	**80**	**68**

Income Tax Expense

No provision for Mainland China income tax has been provided for at a rate of 25% in 2019 or at a rate of 15% for the nine months ended September 30, 2020 pursuant to the Enterprise Income Tax Law of the PRC and the respective regulations, as AngioCare has no estimated assessable profits. AngioCare did not record any income tax expense during the Track Record Period.

DESCRIPTION OF STATEMENTS OF CASH FLOWS

The following table sets forth AngioCare's cash flows for the periods indicated:

	Year Ended December 31,	Nine Months Ended September 30,	
	2019	2019	2020
	RMB'000	RMB'000 (unaudited)	RMB'000
Operating cash flows before movements in working capital	(8,760)	(6,374)	(4,243)
Changes in working capital	140	(4,150)	(1,673)
Interest paid	–	–	–
Income tax paid	–	–	–
Net cash flows used in operating activities	(8,620)	(10,524)	(5,916)
Net cash flows from investing activities	217	174	14
Net cash flows used in financing activities	(1,046)	(783)	(784)
Net decrease in cash and cash equivalents	(9,449)	(11,133)	(6,686)
Cash and cash equivalents at beginning of the year/period	25,668	25,668	16,219
Effect of foreign exchange rate changes, net	–	–	–
Cash and cash equivalents at end of the year/period	**16,219**	**14,535**	**9,533**

Net Cash Flows Used in Operating Activities

For the nine months ended September 30, 2020, AngioCare's net cash used in operating activities was RMB5.9 million, which was primarily attributable to its net loss before tax of RMB10.3 million, adjusted for non-cash and non-operating items. Positive adjustments for non-cash and non-operating items primarily included equity-settled share award expense of RMB3.1 million and net loss on disposal of property, plant and equipment of RMB1.6 million. The amount was then further adjusted negatively by changes in working capital, primarily including an increase in amounts due from related parties of RMB0.5 million and an increase in other payables and accruals of RMB1.0 million.

In 2019, AngioCare's net cash used in operating activities was RMB8.6 million, which was primarily attributable to its net loss before tax of RMB10.7 million, adjusted for non-cash and non-operating items. Positive adjustments for non-cash and non-operating items primarily included depreciation of property, plant and equipment of RMB1.1 million and depreciation of right-of-use assets of RMB1.0 million. The amount was then further adjusted positively by changes in working capital, primarily including an increase in other payables and accruals of RMB0.9 million and an increase in deferred income of RMB0.3 million, and partially offset by an increase in prepayments, other receivables and other assets of RMB0.4 million and a decrease in amounts due from related parties of RMB0.7 million.

Net Cash Flows from Investing Activities

For the nine months ended September 30, 2020, AngioCare's net cash flows from investing activities was RMB14,000, primarily as a result of its bank interest income of RMB61,000, and was offset by its purchases of items of property, plant and equipment of RMB47,000.

In 2019, AngioCare's net cash flows from investing activities was RMB0.2 million, mainly attributable to its bank interest income of RMB0.2 million.

Net Cash Flows Used in Financing Activities

For the nine months ended September 30, 2020, AngioCare's net cash used in financing activities was RMB0.8 million, primarily as a result of lease payments of RMB0.8 million.

In 2019, AngioCare's net cash used in financing activities was RMB1.0 million, mainly attributable to lease payments of RMB1.0 million.

FUTURE PLANS

For a detailed description of our future plans, please refer to the paragraphs headed "Business — Our Strategies."

USE OF PROCEEDS

We estimate that the aggregate net proceeds to our Company from the Global Offering (after deducting underwriting commissions and other estimated expenses in connection with the Global Offering paid and payable by us taking into account any additional discretionary incentive fee and assuming that the Over-allotment Option is not exercised and an Offer Price of HK$23.02 per H Share, being the mid-point of the indicative Offer Price range of HK$21.25 to HK$24.79 per H Share) will be approximately HK$478.7 million. We currently intend to apply such net proceeds we will receive from this offering for the following purposes:

(a) approximately 90.0%, or HK$430.8 million, will be used for the development and commercialization of our Core Product, Bioheart®, as well as our other major product candidates, as follows:

(i) approximately 62.0%, or HK$296.8 million, will be used to fund the ongoing confirmatory clinical trial, preparation for registration filings, and planned commercial launch of our Core Product, Bioheart®. Specifically, we expect that:

- approximately 11.8%, or HK$56.5 million will be used to fund the costs for Bioheart®'s clinical trials and registration filings, among which:

  - o approximately 0.2%, or HK$1.0 million will be used to conduct a 5-year follow-up with the trial subjects enrolled in the feasibility clinical trial (the amount was mainly estimated based on the outstanding amounts under the contracts with our clinical trial partners including CROs, SMOs and hospitals);

  - o approximately 3.5%, or HK$16.8 million will be used to fund the remaining costs of the RCT, including (a) the costs for completing the 3-year follow-up as required by the NMPA for product registration and (b) the costs for conducting a continuous follow-ups to enlarge our clinical database for further research and development; the amount would cover, among other things, clinical fees paid to hospitals and clinical research organizations, subsidies for the patients to participate in the follow-ups, and travel expenses incurred by the patients; and

  - o approximately 8.1%, or HK$38.8 million will be used to fund the SAT, including (a) the costs for recruiting patients, (b) the costs for conducting the twelve-month follow-up as required by the NMPA for product registration, and (c) the costs for conducting continuous follow-ups to enlarge our clinical database for further research and development; the amount would cover, among other things, clinical fees paid to hospitals and clinical research organizations, subsidies for the patients to participate in the follow-ups, and travel expenses incurred by the patients;

- approximately 6.0%, or HK$28.7 million will be used to conduct continuous development projects regarding potential improvements to Bioheart®'s various features and on our manufacturing process, including the following:

  - approximately 2.0%, or HK$9.6 million for further optimizing Bioheart®'s drug-coating technology within the range of specifications submitted to the NMPA;

  - approximately 2.0%, or HK$9.6 million for enhancing, optimizing and verifying the product's manufacturing technology; and

  - approximately 2.0%, or HK$9.6 million for further automating and standardizing the product's manufacturing process;

- approximately 14.6%, or HK$69.9 million will be used to conduct post-launch clinical studies and follow-ups for Bioheart® in line with industry practice to further evaluate Bioheart®'s safety and efficacy. The expected costs for such post-launch clinical studies and follow-ups would cover, among other things, clinical fees paid to hospitals and clinical research organizations, subsidies for the patients to participate in the follow-up clinical studies, and travel expenses incurred by the patients;

- approximately 14.8%, or HK$70.8 million will be used for the sales and marketing of Bioheart®, including providing more training programs to physicians, building more direct access with KOLs, and carrying out other general marketing activities for the commercialization of Bioheart®. We plan to conduct a 5-year follow-up for a sizable pool of patients (up to 3,000 patients as currently planned) who use Bioheart® to further evaluate Bioheart®'s safety and efficacy. The expected costs for such post-launch clinical studies and follow-ups are approximately RMB50,000 per patient, which costs would cover, among other things, clinical fees paid to hospitals and clinical research organizations, subsidies for the patients to participate in the follow-up clinical studies, and travel expenses incurred by the patients;

- approximately 14.8%, or HK$70.8 million will be used to expand our current manufacturing capacity for Bioheart®, including the following:

  - approximately 3.0%, or HK$14.4 million for building our in-house manufacturing facilities at commercial scale in China;

  - approximately 4.4%, or HK$21.1 million for purchasing new machineries; and

  - approximately 7.4%, or HK$35.4 million for recruiting production employees and providing trainings to them;

(ii) approximately 21.3%, or HK$102.0 million, will be used to fund the ongoing randomized controlled clinical trial in China for, and the continuous development of, our RDN product candidate, Iberis® 2nd. Specifically, we expect that:

- approximately 1.7%, or HK$8.1 million will be used to fund the remaining costs for Iberis® 2nd's randomized controlled clinical trial in China;
- approximately 0.1%, or HK$0.5 million will be used to conduct the follow-ups required by the NMPA for approval and prepare for registration filings;
- approximately 2.0%, or HK$9.6 million will be used to conduct continuous development projects regarding potential improvements to Iberis® 2nd's various features;
- approximately 7.5%, or HK$35.9 million will be used to conduct post-launch clinical studies and follow-ups for Iberis® 2nd in line with industry practice to further evaluate Iberis® 2nd's safety and efficacy. The expected costs for such post-launch clinical studies and follow-ups would cover, among other things, clinical fees paid to hospitals and clinical research organizations, subsidies for the patients to participate in the follow-up clinical studies, and travel expenses incurred by the patients;
- approximately 5.0%, or HK$23.9 million will be used for the sales and marketing of Iberis® 2nd, including providing more training programs to physicians, building more direct access with KOLs, and carrying out other general marketing activities for the commercialization of Iberis® 2nd;
- approximately 5.0%, or HK$23.9 million will be used to expand our current manufacturing capacity for Iberis® 2nd, including the following:
  - o approximately 1.0%, or HK$4.8 million for building our in-house manufacturing facilities at commercial scale in China;
  - o approximately 1.5%, or HK$7.2 million for purchasing new machineries; and
  - o approximately 2.5%, or HK$12.0 million for recruiting production employees and providing trainings to them;

(iii) approximately 6.7%, or HK$32.1 million, will be used to fund the research and development, ongoing pre-clinical studies and planned clinical trials of other product candidates in our pipeline, including Bio-Leap™, Bioheart Ultra™, our Bioheart® balloon dilatation catheter, our Bioheart® non-compliant (high-pressure) balloon dilatation catheter and our Bioheart® impulse balloon dilatation catheters.

(b) approximately 10.0%, or HK$47.9 million will be used for our general corporate and working capital purposes.

If the Over-allotment Option is exercised in full, the net proceeds of the Global Offering would increase to approximately HK$557.6 million (based on the mid-point Offer Price of HK$23.02 per H Share). We intend to apply the additional net proceeds to the above uses in the proportions stated above.

The allocation of the proceeds used for the above will be adjusted in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the estimated Offer Price range. If the Offer Price is fixed at HK$24.79 per H Share, being the high end of the stated Offer Price range, our net proceeds will (i) assuming the Over-allotment Option is not exercised, be increased by approximately HK$40.5 million, or (ii) assuming the Over-allotment Option is exercised in full, be increased by approximately HK$46.5 million. In such circumstances, we currently intend to use such additional proceeds to increase the net proceeds applied for the same purposes as set out above on a pro rata basis. If the Offer Price is fixed at HK$21.25 per H Share, being the low end of the stated Offer Price range, our net proceeds will (i) assuming the Over-allotment Option is not exercised, be decreased by approximately HK$40.5 million, or (ii) assuming the Over-allotment Option is exercised in full, be decreased by approximately HK$46.5 million. In such circumstances, we currently intend to reduce the net proceeds applied for the same purposes as set out above on a pro rata basis.

To the extent that our net proceeds are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash generated from operations, bank loans and other borrowings.

To the extent that the net proceeds from the Global Offering are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, they will be placed in short-term demand deposits with authorized and licensed commercial banks or financial institutions in Hong Kong or China.

We will issue an appropriate announcement if there is any material change to the above proposed use of proceeds.

SOLE GLOBAL COORDINATOR, SOLE BOOKRUNNER, SOLE LEAD MANAGER AND HONG KONG UNDERWRITER

Huatai Financial Holdings (Hong Kong) Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering initially 2,394,000 Hong Kong Offer Shares (subject to reallocation) for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus .

Subject to 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 H Shares which may be issued pursuant to the exercise of the Over-allotment Option) and any H Shares to be converted from Unlisted Foreign Shares as mentioned herein, and certain other conditions set out in the Hong Kong Underwriting Agreement (including but not limited to the Offer Price being agreed upon between our Company and the Sole Global Coordinator (acting in such capacity and as the Hong Kong Underwriter), the Hong Kong Underwriter have agreed to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares now being offered which are not taken up under the Hong Kong Public Offering on and subject to the terms and conditions of this prospectus and the Hong Kong Underwriting Agreement. The Hong Kong Underwriting Agreement is conditional upon and subject to, among other things, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The obligations of the Hong Kong Underwriter to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination. If at any time prior to 8:00 a.m. on the day that trading in H Shares commences on the Hong Kong Stock Exchange:

(a) there shall develop, occur, exist or come into effect:

(i) any or a series of local, national, regional or international event(s) or circumstance(s) in the nature of force majeure (including any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic and pandemic (including Severe Acute Respiratory Syndrome (SARS), Coronavirus Disease 2019 (COVID-19), H1N1 and H5N1 and such related/mutated forms and the escalation, mutation or aggravation of such diseases), or interruption or delay in transportation, outbreak, escalation, mutation or aggravation of disease, economic sanctions, labor disputes, strikes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism (whether or not responsibility has been claimed)) in or directly or indirectly

affecting Hong Kong, the PRC, Japan, the United States, the United Kingdom or the European Union (or any member thereof) (collectively, the "**Relevant Jurisdictions**"); or

(ii) any change, or any development involving a prospective change, or any event or circumstance likely to result in any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions or any monetary or trading settlement system (including conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or directly or indirectly affecting any Relevant Jurisdictions; or

(iii) any moratorium, suspension or restriction (including any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Hong Kong Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange, the Singapore Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market or the London Stock Exchange; or

(iv) any general moratorium on commercial banking activities in the Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), the PRC, New York (imposed at Federal or New York State level or other competent authority), London, the PRC or any other Relevant Jurisdiction, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any Relevant Jurisdiction; or

(v) any new law, or any change or any development involving a prospective change in (or in the interpretation or application by any court or other competent authority of) existing laws, in each case, in or affecting any of the Relevant Jurisdictions; or

(vi) the imposition of sanctions, in whatever form, directly or indirectly, under any sanction laws, or regulations in, Hong Kong, the PRC or any other Relevant Jurisdiction; or

(vii) a change or development involving a prospective change in or affecting Taxes (as defined in the Hong Kong Underwriting Agreement) or exchange control, currency exchange rates or foreign investment regulations (including a material devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies and a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States), or the implementation of any exchange control, in any of the Relevant Jurisdictions; or

(viii) any litigation or claim of any third party being threatened or instigated against any member of the Group or any Director; or

(ix) a contravention by any member of the Group or any Director of the Listing Rules or applicable laws; or

(x) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or

(xi) unless otherwise expressly consented to by the Sole Sponsor, the issue or requirement to issue by our Company of any supplement or amendment to this prospectus (or to any other documents issued or used in connection with the contemplated offer and sale of the H Shares) pursuant to the Companies Ordinance or the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Hong Kong Stock Exchange and/or the SFC; or

(xii) 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

(xiii) a valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity;

which, individually or in the aggregate, in the sole and absolute opinion of the Sole Global Coordinator (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 our Group as a whole; or (2) has or will have or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or (3) makes or will make or may make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering; or (4) has or will have or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(b) there has come to the notice of the Sole Global Coordinator:

(i) that any statement contained in any of the Offering Documents, the formal notice, the Operative Documents (as defined in the Hong Kong Underwriting Agreement), the preliminary offering circular (as defined in the Hong Kong Underwriting Agreement), this prospectus and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (collectively, the "**Offer Related Documents**") (including any supplement or amendment thereto, but excluding information furnished by the Underwriter, being the market name, legal name and address of the Underwriter and expert qualification of the Sole Sponsor appearing in the Offer Related Documents) was, when it was issued, or has become, untrue, incorrect or misleading, or that any forecast, estimate, expression of opinion,

intention or expectation contained in any of the Offer Related Documents (including any supplement or amendment thereto) is not fair and honest and based on reasonable assumptions; or

(ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from, or misstatement in, any of the Offer Related Documents (including any supplement or amendment thereto); or

(iii) there is a material breach of any of the obligations imposed upon our Company or the Controlling Shareholder under the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable; or

(iv) any event, act or omission which gives or is likely to give rise to any material liability of any of the indemnifying parties pursuant to the Hong Kong Underwriting Agreement; or

(v) 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

(vi) any breach of, or any event or circumstance rendering untrue or incorrect in any respect, any of the Warranties (as defined in the Hong Kong Underwriting Agreement); or

(vii) a Director or a Supervisor or any member of senior management of our Company vacating his or her office; or

(viii) a prohibition on our 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

(ix) that approval by the Listing Committee of the Hong Kong Stock Exchange of the listing of, and permission to deal in, the H Shares to be issued or sold (including any additional H Shares that may be issued or sold pursuant to the exercise of the Over-Allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(x) our Company withdraws any of the Offer Related Documents or the Global Offering; or

(xi) any person (other than the Sole Sponsor) has withdrawn its consent to being named in this prospectus or to the issue of any of the Hong Kong Public Offering Documents; or

(xii) a Director or a Supervisor or a member of our Company's senior management as named in this prospectus being charged with an indictable offense or prohibited by operation of law or otherwise disqualified from taking part in the management or taking directorship of a company; or

(xiii) an Authority (as defined in the Hong Kong Underwriting Agreement) or a political body or organization in any Relevant Jurisdiction (including, in particular, the CSRC and its local branches and representative offices) commencing any investigation or other action, or announcing an intention to investigate or take other action, against any member of the Group or any Director or any Supervisor or a member of our Company's senior management as named in this prospectus; or

(xiv) any order or petition for the winding up or liquidation of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group; or

(xv) that a material portion of the orders placed or confirmed in the bookbuilding process have been withdrawn, terminated or canceled,

then the Sole Global Coordinator may, acting in such capacity and as the Hong Kong Underwriter, in its sole and absolute discretion and upon giving notice in writing to our Company, terminate the Hong Kong Underwriting Agreement with immediate effect.

Undertakings pursuant to the Listing Rules

Undertakings by our Company

In accordance with Rule 10.08 of the Listing Rule, we have undertaken to the Hong Kong Stock Exchange that, no 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 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 pursuant to the Global Offering, the exercise of Over-allotment Option or for the circumstances permitted under Rule 10.08 of the Listing Rules.

Undertakings by the Controlling Shareholder

Pursuant to Rule 10.07(1) of the Listing Rules and guidance letter HKEX-GL89-16 published by the Hong Kong Stock Exchange, our Controlling Shareholder has undertaken to the Hong Kong Stock Exchange, to our Company and to the Sole Sponsor that, except pursuant to the Global Offering or the exercise of the Over-allotment Option, he will not and will procure that the registered holder(s) (if any) in which he has a beneficial interest will not:

(i) at any time in the period commencing on the date by reference to which disclosure of their shareholding in the Company is made in this prospectus and ending on the date which is six months from the Listing Date ("First 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, which any of them are shown by this prospectus to be the beneficial owners; and

(ii) at any time in the period of six months from the date on which the First Six-Month Period expires ("Second 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 Shares to such extent that, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he will, directly or indirectly cease to be a controlling shareholder of the Company (as defined in the Listing Rules),

provided that the above shall not prevent the Controlling Shareholder from using securities of our Company beneficially owned by them as security (including a charge or a pledge) in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the laws of Hong Kong)) for a bona fide commercial loan.

Our Controlling Shareholder has further undertaken to the Hong Kong Stock Exchange and to our Company that during the First Six-Month Period and the Second Six-Month Period to immediately inform them in writing of:

(i) any pledge(s) or charge(s) of any Shares or securities of the Company beneficially owned by him, whether directly or indirectly, in favor of any authorized institution (as defined in the Banking Ordinance (Chapter 155 of the laws of Hong Kong) for a bona fide commercial loan as permitted under the Listing Rules, and the number of such Shares or securities of the Company so pledged or charged; and

(ii) any indication(s) received by him, either verbal or written, from any pledgee or chargee of any Shares or other securities of the Company pledged or charged that any of such Shares or other share capital will be sold, transferred or disposed of.

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertakings by our Company

We have also undertaken to each of the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager and the Hong Kong Underwriter that, and the Controlling Shareholder undertakes to the same parties to procure the Company and each other member of the Group that, except pursuant to the Global Offering (including pursuant to the Over-allotment Option) or with the prior written consent of the Sole Sponsor (acting in such capacity and as the Hong Kong Underwriter), and unless in compliance with the requirements of the Listing Rules, we shall not, during a period of six months from the Listing Date:

(i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any H Shares or other securities of the Company, as applicable, or any interest in any of the foregoing (including any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any H Shares), or deposit any H Shares or other securities of the Company, as applicable, 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, as applicable, or any interest in any of the foregoing (including any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any H Shares or any shares of such other member of the Group, as applicable); or

(iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above; or

(iv) offer or agree or announce any intention to effect any transaction specified in (i), (ii) or (iii) above,

in each case, whether any of the foregoing transactions is to be settled by delivery of H Shares or such other equity securities of the Company, 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, during the period of six months commencing on the date on which the First Six-Month Period expires, our Company enters into any of the transactions specified in (i), (ii) or (iii) 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.

Undertakings by the Controlling Shareholder

The Controlling Shareholder undertakes to each of the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, the Hong Kong Underwriter and the Company that, without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (acting in such capacity and as the Hong Kong Underwriter), and unless in compliance with the requirements of the Listing Rules:

(i) he will not, and will procure that the relevant registered holder(s), any nominee or trustee holding on trust for him and the companies controlled by him will not, at any time during the First Six-Month Period, (a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company or any interest 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) which are beneficially owned by him as of the Listing Date (the "**Locked-up Securities**"), or deposit any Locked-up Securities with a depositary in connection with the issue of depositary receipts, or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Locked-up Securities, or (c) enter into any transaction with the same economic effect as any transaction specified in (a) or (b) above, or (d) offer to or agree to or announce any intention to effect any transaction specified (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 Shares or other securities of the Company or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period or the Second Six Month Period);

(ii) he will not, during the Second Six-Month Period, enter into any of the transactions specified in (i) (a), (b), (c) or (d) above or offer to or agree to or contract or publicly announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, the Controlling Shareholder will cease to be a "controlling shareholder" (as the term is defined in the Listing Rules) of the Company;

(iii) until the expiry of the Second Six-Month period, in the event that he enters into any of the transactions specified in (i) (a), (b), (c) or (d) above or offer to or agrees to or announces any intention to effect any such transaction, he will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of the Company; and

(iv) at any time during the First Six-Month Period and the Second Six-Month Period, he will (a) if and when he pledges or charges any Shares or other securities of the Company beneficially owned by him, immediately inform the Company and the Sole Global Coordinator in writing of such pledge or charge together with the number of Shares or other securities of the Company so pledged or charged; and (b) if and when he receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or other securities of the Company will be disposed of, immediately inform the Company and the Sole Global Coordinator in writing of such indications.

Indemnity

Our Company and Controlling Shareholder have agreed to indemnify, among others, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager and the Hong Kong Underwriter for certain losses which they may suffer, including losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement, as the case may be.

Sole Sponsor's Fee

An amount of US$500,000 is payable by our Company as sponsor fees to the Sole Sponsor.

The International Offering

In connection with the International Offering, it is expected that our Company and our Controlling Shareholder will enter into the International Underwriting Agreement with, among others, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager and the International Underwriter. Under the International Underwriting Agreement, the International Underwriter will, subject to certain conditions set out therein agree to procure subscribers or purchasers for the International Offer Shares (excluding, for the avoidance of doubt, the Offer Shares which are subject to the Over-allotment Option), failing which they agree to subscribe for or purchase the International Offer Shares which are not taken up under the International Offering.

Our Company is expected to grant to the International Underwriter the Over-allotment Option, exercisable by the Sole Global Coordinator acting in such capacity and as the International Underwriter at any time from the date of the International Underwriting Agreement until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to issue and allot up to an aggregate of 3,590,500 additional Offer Shares representing no more than 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering to cover over-allocations (if any) in 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 if the International Underwriting Agreement is not entered into, or is terminated, the Global Offering will not proceed.

Total Commission and Expenses

The Sole Global Coordinator (acting in such capacity and as the Hong Kong Underwriter and the International Underwriter) will receive an underwriting commission of 3.5% of the aggregate Offer Price payable for the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option). For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, our Company will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the International Underwriter and not the Hong Kong Underwriter. Our Company may, at our sole and absolute discretion, pay to the Hong Kong Underwriter and the International Underwriter for its account an incentive fee up to 1.0% of the Offer Price for each Offer Share.

Assuming the Over-allotment Option is not exercised at all and based on an Offer Price of HK$23.02 per Offer Share (being the mid-point of the indicative offer price range of HK$21.25 to HK$24.79 per Offer Share), the aggregate commissions and fees, together with listing fees, SFC transaction levy, Hong Kong Stock Exchange trading fee, legal and other professional fees and printing and other expenses, payable by our Company relating to the Global Offering are estimated to be approximately HK$72.3 million in total.

Activities by Syndicate Members

We describe below a variety of activities that the Hong Kong Underwriter and the International Underwriter (together, referred to as "**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 the 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 our 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, proprietary trading in the H Shares and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have the H Shares as their or part of their underlying assets. Those activities may require hedging activity by those entities involving, directly or indirectly, buying and selling 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 or part of their underlying assets, whether on the Hong Kong Stock Exchange or on any other stock exchange, the rules of the relevant 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 of these activities may occur both during and after the end of the stabilizing period described in "Structure of the Global Offering — The International Offering — Over-allotment Option" and "Structure of the Global Offering — The International Offering — Stabilization." These 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 their share price, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(a) the Syndicate Members (other than the Stabilizing Manager, 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) all of them must comply with all applicable laws, including the market misconduct provisions of the SFO, the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Hong Kong Underwriter's Interests in our Company

Save as disclosed in this prospectus and save for its obligations under the Hong Kong Underwriting Agreement, the Hong Kong Underwriter does not have any shareholding interests in our Company or the right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company.

Following the completion of the Global Offering, the Underwriter and its affiliated companies may hold a certain portion of the H Shares as a result of fulfilling its obligations under the Underwriting Agreements.

Other Services to our Company

Certain of the Sole Sponsor, the Sole Global Coordinator, the Underwriter or its affiliates have, from time to time, provided and expect to provide in the future investment banking and other services to our Company and our respective affiliates, for which the Sole Sponsor, Sole Global Coordinator, Underwriter or its affiliates have received or will receive customary fees and commissions.

Other Services Provided by the Underwriter

The Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager and the Underwriter may in its ordinary course of business provide financing to investors subscribing for the Offer Shares offered by this prospectus. The Sole Global Coordinator, Sole Bookrunner, Sole Lead Manager and Underwriter may enter into hedges and/or dispose of such Offer Shares in relation to the financing which may have a negative impact on the trading price of our H Shares.

Over-Allotment and Stabilization

Details of the arrangements relating to the stabilization and Over-allotment Option are set forth in "Structure of the Global Offering — The International Offering — Stabilization," and "Structure of the Global Offering — The International Offering — Over-allotment Option."

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

(i) the Hong Kong Public Offering of initially 2,394,000 Offer Shares in Hong Kong as described below in the paragraph headed "— The Hong Kong Public Offering" below; and

(ii) the International Offering of an aggregate of initially 21,543,000 Offer Shares, consisting of the offering of H Shares (i) in the United States to QIBs in reliance on Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act; and (ii) outside the United States in reliance on Regulation S. At any time from the date of the International Underwriting Agreement until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, the Sole Global Coordinator, as representative of the International Underwriter, has an option to require us to issue and allot up to 3,590,500 additional Offer Shares, representing approximately 15% of the initial number of Offer Shares to be offered in the Global Offering, at the Offer Price to cover over-allocations in the International Offering, if any. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 11.12% of our Company's enlarged share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, an announcement will be made.

Investors may either

(iii) apply for Offer Shares under the Hong Kong Public Offering; or

(iv) apply for or indicate an interest for Offer Shares under the International Offering,

but may not do both.

The Offer Shares will represent approximately 9.81% of the enlarged issued share capital of our Company immediately after completion of the Global Offering without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 11.12% of the enlarged issued share capital immediately after completion of the Global Offering and the exercise of the Over-allotment Option as set out in "— The International Offering — Over-allotment Option" below.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering may be subject to reallocation as described in the paragraph headed "— The Hong Kong Public Offering — Reallocation" below.

Huatai Financial Holdings (Hong Kong) Limited is the Sole Global Coordinator, the Sole Bookrunner and Sole Lead Manager of the Global Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

Our Company is initially offering 2,394,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10.00% of the total number of Offer Shares initially available under the Global Offering.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. The Hong Kong Offer Shares will represent approximately 1.0% of our Company's registered capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in "— The International Offering — Conditions of the Hong Kong Public Offering" below.

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 would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Offer Shares initially available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) is to be divided into two pools for allocation purposes: pool A and pool B. The Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, SFC transaction levy and Stock Exchange trading fee payable) or less. The Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, SFC transaction levy and 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 Offer Shares in one (but not both) of the pools are undersubscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in this other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for 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 Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 50% of the Hong Kong Offer Shares initially comprised in the Hong Kong Public Offering (that is 1,197,000 Hong Kong Offer Shares) will 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 Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached. In accordance with paragraph 4.2 of Practice Note 18 of the Listing Rules, if the number of Shares validly applied for in the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more, of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering will be increased to 7,182,000 H Shares, 9,575,000 H Shares and 11,968,500 H Shares, respectively, representing approximately 30.0% (in the case of (i)), approximately 40.0% (in the case of (ii)) and approximately 50.0% (in the case of (iii)), respectively, of the total number of Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option), reallocation being referred to in this prospectus as "**Mandatory Reallocation**." In such cases, the number of Offer Shares allocated in the International Offering will be correspondingly reduced, in such manner as the Sole Global Coordinator deems appropriate, and such additional Offer Shares will be reallocated to Pool A and Pool B. If the Hong Kong Offer Shares are not fully subscribed, the Sole Global Coordinator has the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Sole Global Coordinator deems appropriate. In addition to any Mandatory Reallocation which may be required, the Sole Global Coordinator may reallocate 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 accordance with Guidance Letter HKEX-GL91-18 issued by the Stock Exchange. 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 oversubscribed as to less than 15 times of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering, up to 2,394,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the H Shares available under the Hong Kong Public Offering will be increased to 4,788,000 Offer Shares, representing approximately 20.0% of the number of the Offer H Shares initially available under the Global Offering (before any exercise of the Over-allotment Option), and the final Offer Price shall be fixed at the low-end of the indicative Offer Price range (i.e. HK$21.25 per Offer Share) stated in this prospectus. In the event that the International Offering and the Hong Kong Public Offering are undersubscribed, the Global Offering shall not proceed unless fully underwritten by the Underwriter pursuant to the Underwriting Agreements.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

The listing of the H Shares on the Hong Kong Stock Exchange is sponsored by the Sole Sponsor. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$24.79 per Hong Kong Offer Share in addition to any brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Hong Kong Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph headed "— The International Offering — Pricing of the Global Offering" below, is less than the maximum price of HK$24.79 per Hong Kong Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. For further details, please refer to the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

References in this prospectus to applications, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL OFFERING

Number of Offer Shares offered

Subject to reallocation as described above, the International Offering will consist of an aggregate of 21,543,000 Offer Shares to be initially offered by us, representing approximately 90.0% of the total number of Offer Shares initially available under the Global Offering and approximately 8.8% of our Company's enlarged share capital immediately after the completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the paragraph headed "— The International Offering — Pricing of the Global Offering" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Hong Kong Stock Exchange. Such allocation is intended

to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole. In the event of an over-allocation in the International Offering, such over-allocation may be covered by delayed delivery arrangements with certain investors who are allocated Offer Shares under the International Offering. The delayed delivery arrangements (if specifically agreed by an investor) relate only to the delay in the delivery of the Offer Shares to such investor and the Offer Price for the Offer Shares allocated to such investor will be paid on the Listing Date.

The Sole Global Coordinator (acting in such capacity and as the Underwriter) 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 Sole Global Coordinator so as to allow it to identify the relevant application under the Hong Kong Public Offering and to ensure that it is excluded from any application 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 mechanism described in the sub-section headed "The Hong Kong Public Offering — Reallocation" 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, we are expected to grant an Over-allotment Option to the International Underwriter exercisable by the Sole Global Coordinator acting in such capacity and as the International Underwriter.

Pursuant to the Over-allotment Option, the Sole Global Coordinator has the right, exercisable at any time from the date of the International Underwriting Agreement until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to issue and allot up to 3,590,500 additional Offer Shares, representing approximately 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering to cover over-allocation in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 1.5% of our Company's enlarged share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, an announcement will be made.

Stabilization

Stabilization is a practice used by underwriters in 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, any decline in the market price of the securities below the offer price. In Hong Kong and certain other jurisdictions, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager or any person acting for it, on behalf of the Underwriter, may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the H Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the Listing Date. Short sales involve the sale by the Stabilizing Manager of a greater number of H Shares than the Underwriter is required to purchase in the Global Offering. "Covered" short sales are sales made in an amount not greater than the Over-allotment Option. The Stabilizing Manager may close out the covered short position by either exercising the Over-allotment Option to purchase additional H Shares or purchasing H Shares in the open market. In determining the source of the H Shares to close out the covered short position, the Stabilizing Manager will consider, among others, the price of H Shares in the open market as compared to the price at which they may purchase additional H Shares pursuant to the Over-allotment Option. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the H Shares while the Global Offering is in progress. Any market purchases of the H Shares may be effected on any stock exchange, including the Hong Kong Stock Exchange, any over-the-counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing activity, which if commenced, will be done at the absolute discretion of the Stabilizing Manager and may be discontinued at any time. Any such stabilizing activity is required to be brought to an end within 30 days after the last day for the lodging of applications under the Hong Kong Public Offering. The number of the H Shares that may be over-allocated will not exceed the number of the H Shares that may be issued under the Over-allotment Option, namely 3,590,500 H Shares, which is approximately 15% of the number of Offer Shares initially available under the Global Offering, in the event that the whole or part of the Over-allotment Option is exercised.

In Hong Kong, stabilizing activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules. Stabilizing actions permitted pursuant to the Securities and Futures (Price Stabilizing) Rules, as amended, include:

(a) over-allocation for the purpose of preventing or minimizing any reduction in the market price;

(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 deduction in the market price;

(c) subscribing, or agreeing to subscribe, for the H Shares pursuant to the Over-allotment Option in order to close out any position established under (a) or (b) above;

(d) purchasing, or agreeing to purchase, the H Shares for the sole purpose of preventing or minimizing any reduction in the market price;

(e) selling the H Shares to liquidate a long position held as a result of those purchases; and

(f) offering or attempting to do anything described in (b), (c), (d) and (e) above.

Stabilizing actions by the Stabilizing Manager, or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization.

As a result of effecting transactions to stabilize or maintain the market price of the H Shares, the Stabilizing Manager, or any person acting for it, may maintain a long position in the H Shares. The size of the long position, and the period for which the Stabilizing Manager, or any person acting for it, will maintain the long position is at the discretion of the Stabilizing Manager and is uncertain. In the event that the Stabilizing Manager liquidates this long position by making sales in the open market, this may lead to a decline in the market price of the H Shares.

Stabilizing action by the Stabilizing Manager, or any person acting for it, is not permitted to support the price of the H Shares for longer than the stabilizing period, which begins on the day on which trading of the H Shares commences on the Hong Kong Stock Exchange and ends on the thirtieth day after the last day for the lodging of applications under the Hong Kong Public Offering. The stabilizing period is expected to end on January 15, 2022. As a result, demand for the H Shares, and their market price, may fall after the end of the stabilizing period. These activities by the Stabilizing Manager may stabilize, maintain or otherwise affect the market price of the Shares. As a result, the price of the H Shares may be higher than the price that otherwise may exist in the open market. Any stabilizing action taken by the Stabilizing Manager, or any person acting for it, may not necessarily result in the market price of the H Shares staying at or above the Offer Price either during or after the stabilizing period. Bids for or market purchases of the H Shares by the Stabilizing Manager, or any person acting for it, may be made at a price at or below the Offer Price and therefore at or below the price paid for the H Shares by purchasers. A public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period.

Pricing of the Global Offering

The International Underwriter will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around Thursday, December 16, 2021 and in any event on or before Wednesday, December 22, 2021, by agreement between the Sole Global Coordinator (acting in such capacity and as the Hong Kong Underwriter) and our Company.

The Offer Price will not be more than HK$24.79 per H Share and is expected to be not less than HK$21.25 per H Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.**

The Sole Global Coordinator (acting in such capacity and as the Hong Kong Underwriter), may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares offered in the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, 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 day which is the last day for lodging applications under the Hong Kong Public Offering, cause there to be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and to be posted on the website of the Hong Kong Stock Exchange (**www.hkexnews.hk**) and on the website of our Company (**www.bio-heart.com**) notices of the reduction. As soon as practicable of such reduction of the number of Offer Shares and/or the indicative Offer Price range, our Company will also issue a supplemental prospectus updating investors of such reduction together with an update of all financial and other information in connection with such change and, where appropriate, extend the period under which the Hong Kong Public Offering was open for acceptance, and give potential investors who had applied for the Offer Shares the right to withdraw their applications. Upon issue of such a notice, the number of Offer Shares offered in the Global Offering and/or the revised offer price range will be final and conclusive and the Offer Price, if agreed upon by the Sole Global Coordinator, acting in such capacity and as the Underwriter, and our Company, will be fixed within such revised Offer Price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any such notice so published, the Offer Price, if agreed upon with our Company and the Sole Global Coordinator (acting in such capacity and as the Underwriter), will under no circumstances be set outside the Offer Price range as stated in this prospectus.

If the number of Offer Shares and/or the Offer Price range is reduced, applicants under the Hong Kong Public Offering will be entitled to withdraw their applications unless positive confirmations from the applicants to proceed are received, and all unconfirmed applications will not be valid.

In the event of a reduction in the number of Offer Shares being offered under the Global Offering, the Sole Global Coordinator (acting in such capacity and as the Underwriter) may at its discretion reallocate the number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, provided that the Hong Kong Offer Shares shall not be less than 10% of the total number of Offer Shares in the Global Offering. The International Offer Shares and the Hong Kong Offer Shares may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Global Coordinator (acting in such capacity and as the Underwriter).

Assuming an Offer Price of HK$23.02 per Offer Share (being the mid-point of the Offer Price Range of between HK$21.25 and HK$24.79 per Offer Share), the net proceeds of the Global Offering accruing to our Company (after deduction of underwriting commissions and other expenses payable by our Company in relation to the Global Offering, assuming the Over-allotment Option is not exercised) are estimated to be approximately HK$478.7 million.

The final Offer Price is expected to be announced on Wednesday, December 22, 2021. The indications of interest in the Global Offering, the results of applications and the basis of allotment of Offer Shares available under the Hong Kong Public Offering, are expected to be announced on Wednesday, December 22, 2021 and made available through a variety of channels in the manner described in the section headed "How to Apply for Hong Kong Offer Shares — 11. Publication of Results" in this prospectus.

Hong Kong Underwriting Agreement

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriter under the terms of the Hong Kong Underwriting Agreement and is conditional upon the International Underwriting Agreement being signed and becoming unconditional.

Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

These underwriting arrangements, and the respective Underwriting Agreements, are summarized in "Underwriting."

Admission of the H Shares into CCASS

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

If the Hong Kong 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 Hong Kong Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Conditions of the Hong Kong Public Offering

Acceptance of all applications for Offer Shares pursuant to the Hong Kong Public Offering will be conditional on:

(i) the Listing Committee granting listing of, and permission to deal in, the Offer Shares being offered pursuant to the Global Offering (including the additional Offer Shares which may be made available pursuant to the exercise of the Over-allotment Option);

(ii) the Offer Price having been fixed on or around the Price Determination Date;

(iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

(iv) the obligations of the Underwriter under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements.

If, for any reason, the Offer Price is not agreed between our Company and the Sole Global Coordinator (acting in such capacity and as the Underwriter) on or before Wednesday, December 22, 2021, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Hong Kong Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus. In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving bank or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

H Share certificates for the Offer Shares are expected to be issued on Wednesday, December 22, 2021 but will only become valid certificates of title at 8:00 a.m. on Thursday, December 23, 2021 provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" in this prospectus has not been exercised.

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 Thursday, December 23, 2021, it is expected that dealings in the H Shares on the Hong Kong Stock Exchange will commence at 9:00 a.m. on Thursday, December 23, 2021.

The H Shares will be traded in board lots of 500 H Shares each and the stock code of the H Shares will be 2185.

IMPORTANT NOTICE TO INVESTORS:
FULLY ELECTRONIC APPLICATION PROCESS

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

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

The contents of the electronic version of the prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Set out below are procedures through which you can apply for the Hong Kong Offer Shares electronically. We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public.

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

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 and **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited, at +852 2862 8646 on the following dates:

Monday, December 13, 2021	—	9:00 a.m. to 9:00 p.m.
Tuesday, December 14, 2021	—	9:00 a.m. to 9:00 p.m.
Wednesday, December 15, 2021	—	9:00 a.m. to 9:00 p.m.
Thursday, December 16, 2021	—	9:00 a.m. to 12:00 noon

1. HOW TO APPLY

We will not provide any printed application forms for use by the public.

To apply for Hong Kong Offer Shares, you may:

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

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

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

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

If you apply through channel (1) above, the Hong Kong Offer Shares successfully applied for will be issued in your own name.

If you apply through channels (2)(i) or (2)(ii) above, the Hong Kong Offer Shares successfully applied for will be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Sole Global Coordinator, the designated **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

Eligibility for the Application

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States (as defined in Regulation S); and
- are not a legal or natural person of the PRC.

If an application is made by a person under a power of attorney, the Sole Global Coordinator may accept it at its discretion and on any conditions it thinks fit, including requiring evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of the **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you:

- are an existing beneficial owner of Shares in the Company and/or any its subsidiaries;
- are a Director or chief executive officer or Supervisor of the Company and/or any of its subsidiaries;
- are a close associate (as defined in the Listing Rules);
- are a connected person (as defined in the Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Global Offering; or
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

Items Required for the Application

If you apply for the Hong Kong Offer Shares online through the **White Form eIPO** service, you must:

(a) have a valid Hong Kong identity card number; and

(b) provide a valid e-mail address and a contact telephone number.

If you are applying for the Hong Kong Offer Shares online by instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals, please contact them for the items required for the application.

3. TERMS AND CONDITIONS OF AN APPLICATION

By applying through the application channels specified in this prospectus, you:

(i) undertake to execute all relevant documents and instruct and authorize the Company and/or the Sole Global Coordinator (or its agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the PRC Company Law, the Special Regulations and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) agree that none of the Company, the Sole Global Coordinator, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriter, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;

(viii) agree to disclose to the Company, our H Share Registrar, receiving bank(s), the Sole Global Coordinator, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriter and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Sole Global Coordinator and the Underwriter nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorize the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any share certificate(s) and/or any e-Refund payment instructions and/or any refund check(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have fulfilled the criteria mentioned in "14. Dispatch/Collection of Share Certificates and Refund Monies — Personal Collection" in this prospectus to collect the share certificate(s) and/or refund check(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that the Company and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider by you or by any one as your agent or by any other person; and (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person giving **electronic application instructions** to HKSCC; and (ii) you have due authority to give **electronic application instructions** on behalf of that other person as their agent.

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant and CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

4. MINIMUM APPLICATION AMOUNT AND PERMITTED NUMBERS

Your application through **White Form eIPO** service or the **CCASS EIPO** service must be for a minimum of 500 Hong Kong Offer Shares and in one of the numbers set out in the table below. You are required to pay the amount next to the number you select.

Shanghai Bio-heart Biological Technology Co., Ltd. (Stock Code: 2185)
(HK$24.79 per Hong Kong Offer Share)
NUMBER OF HONG KONG OFFER SHARES THAT MAY BE APPLIED FOR AND PAYMENTS

No. of Hong Kong Offer Shares applied for	Amount payable on application HK$	No. of Hong Kong Offer Shares applied for	Amount payable on application HK$	No. of Hong Kong Offer Shares applied for	Amount payable on application HK$	No. of Hong Kong Offer Shares applied for	Amount payable on application HK$
500	12,519.90	8,000	200,318.47	45,000	1,126,791.40	400,000	10,015,923.53
1,000	25,039.81	9,000	225,358.28	50,000	1,251,990.45	450,000	11,267,913.98
1,500	37,559.71	10,000	250,398.09	60,000	1,502,388.53	500,000	12,519,904.42
2,000	50,079.62	12,000	300,477.70	70,000	1,752,786.62	600,000	15,023,885.30
2,500	62,599.52	14,000	350,557.32	80,000	2,003,184.71	700,000	17,527,866.18
3,000	75,119.43	16,000	400,636.94	90,000	2,253,582.80	800,000	20,031,847.06
3,500	87,639.33	18,000	450,716.56	100,000	2,503,980.88	900,000	22,535,827.95
4,000	100,159.24	20,000	500,796.18	150,000	3,755,971.33	1,000,000	25,039,808.83
4,500	112,679.14	25,000	625,995.22	200,000	5,007,961.77	1,197,000[1]	29,972,651.17
5,000	125,199.05	30,000	751,194.27	250,000	6,259,952.21		
6,000	150,238.86	35,000	876,393.31	300,000	7,511,942.65		
7,000	175,278.67	40,000	1,001,592.35	350,000	8,763,933.10		

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

5. APPLYING THROUGH THE WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in the paragraph headed "— 2. Who can apply" in this section may apply through the **White Form eIPO** Service Provider for the Hong Kong Offer Shares to be allotted and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorize the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** Service Provider.

If you have any questions on how to apply through the **White Form eIPO** service for the Hong Kong Offer Shares, please contact the telephone enquiry line of the **White Form eIPO** Service Provider at +852 2862 8646 on the following dates:

Monday, December 13, 2021	—	9:00 a.m. to 9:00 p.m.
Tuesday, December 14, 2021	—	9:00 a.m. to 9:00 p.m.
Wednesday, December 15, 2021	—	9:00 a.m. to 9:00 p.m.
Thursday, December 16, 2021	—	9:00 a.m. to 12:00 noon

Time for Submitting Applications under the White Form eIPO

You may submit your application to the designated **White Form eIPO** Service Provider at **www.eipo.com.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Monday, December 13, 2021 until 11:30 a.m. on Thursday, December 16, 2021 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, December 16, 2021 or such later time under the paragraph headed "— 10. Effect of Bad Weather on the Opening and Closing of the Application Lists" in this section.

No Multiple Applications

If you apply by means of **White Form eIPO**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Commitment to sustainability

The obvious advantage of the **White Form eIPO** is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited being the designated **White Form eIPO** Service Provider, will contribute HK$2 for each "Shanghai Bio-heart Biological Technology Co., Ltd." **White Form eIPO** application submitted via the website **www.eipo.com.hk** to support sustainability.

6. APPLYING THROUGH CCASS EIPO SERVICE

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

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

If you are a CCASS Investor Participant, you may instruct your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Sole Global Coordinator and our H Share Registrar.

Applying through CCASS EIPO service

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares (either indirectly through a **broker** or **custodian** or directly) and an application is made by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;
- (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;

- confirm that you understand that the Company, the Directors and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorize the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allotted to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between the Company and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- agree that none of the Company, the Sole Global Coordinator, the Underwriter, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to this prospectus);

- agree to disclose your personal data to the Company, our H Share Registrar, receiving banks, the Sole Global Coordinator, the Underwriter and/or their respective advisers and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;

- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the PRC Company Law, the Special Regulations and the Articles of Association;

- agree with the Company, for itself and for the benefit of each shareholder of the Company and each director, supervisor, manager and other senior officer of the Company (and so that the Company will be deemed by its acceptance in whole or in part of this application to have agreed, for itself and on behalf of each shareholder of the Company and each director, supervisor, manager and other senior officer of the Company, with each CCASS Participant giving **electronic application instructions**):

  (a) to refer all differences and claims arising from the Articles of Association of the Company or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning the affairs of the Company to arbitration in accordance with the Articles of Association of the Company;

  (b) that any award made in such arbitration shall be final and conclusive; and

  (c) that the arbitration tribunal may conduct hearings in open sessions and publish its award;

- agree with the Company (for the Company itself and for the benefit of each shareholder of the Company) that H Shares in the Company are freely transferable by their holders;

- authorize the Company to enter into a contract on its behalf with each director and officer of the Company whereby each such director and officer undertakes to observe and comply with his obligations to shareholders stipulated in the Articles of Association of the Company; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of Applying through CCASS EIPO service

By applying through **CCASS EIPO** service, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in this prospectus.

Time for Inputting Electronic Application Instructions[(1)]

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Monday, December 13, 2021	—	9:00 a.m. to 8:30 p.m.
Tuesday, December 14, 2021	—	8:00 a.m. to 8:30 p.m.
Wednesday, December 15, 2021	—	8:00 a.m. to 8:30 p.m.
Thursday, December 16, 2021	—	8:00 a.m. to 12:00 noon

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, December 13, 2021 until 12:00 noon on Thursday, December 16, 2021 (24 hours daily, except on Thursday, December 16, 2021, the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, December 16, 2021, the last application day or such later time as described in the paragraph headed "— 10. Effect of Bad Weather on the Opening and Closing of the Application Lists" in this section.

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

Note:

(1) These times in this sub-section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

Personal Data

The following Personal Information Collection Statement applies to any personal data held by the Company, the H Share Registrar, the receiving bank(s), the Sole Global Coordinator, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriter and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. By applying through **CCASS EIPO** service, you agree to all of the terms of the Personal Information Collection Statement below.

Personal Information Collection Statement

This Personal Information Collection Statement informs applicant for, and holder of, the Hong Kong Offer Shares, of the policies and practices of the Company and its H Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

Reasons for the collection of your personal data

It is necessary for applicants and registered holders of the Hong Kong Offer Shares to supply correct personal data to the Company or its agents and the H Share Registrar when applying for the Hong Kong Offer Shares or transferring the Hong Kong Offer Shares into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data may result in your application for the Hong Kong Offer Shares being rejected, or in delay or the inability of the Company or its H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of the Hong Kong Offer Shares which you have successfully applied for and/or the dispatch of 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, 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 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 fulfill the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance.

Access to and correction of personal data

Holders of the Hong Kong Offer Shares have the right to ascertain whether the Company or the H Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the H Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company, at the Company's registered address disclosed in the section headed "Corporate Information" in this prospectus or as notified from time to time, for the attention of the secretary, or the Company's H Share Registrar for the attention of the privacy compliance officer.

7. WARNING FOR ELECTRONIC APPLICATIONS

The application for the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided by the designated **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. The Company, the Directors, the Sole Bookrunner, the Sole Sponsor, the Sole Global Coordinator and the Underwriter take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the designated **White Form eIPO** Service Provider will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System or the CCASS Internet System for submission of **electronic application instructions**, they should go to HKSCC's Customer Service Center to complete an input request form for **electronic application instructions** before 12:00 noon on Thursday, December 16, 2021, the last application day, or such time as described in the paragraph headed "— 10. Effect of Bad Weather on the Opening and Closing of the Application Lists" in this section.

8. HOW MANY APPLICATIONS YOU CAN MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees.

All of your applications will be rejected if more than one application through the **CCASS EIPO** service (directly or indirectly through your **broker** or **custodian**) or through the **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**), and the number of Hong Kong Offer Shares applied by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your behalf.

For the avoidance of doubt, giving an **electronic application instruction** under the **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application. However, any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC will be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being made for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum Offer Price is HK$24.79 per Offer Share. You must also pay brokerage of 1.0%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005%. This means that for one board lot of 500 Hong Kong Offer Shares, you will pay HK$12,519.9.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for the Hong Kong Offer Shares.

You may submit an application through the **White Form eIPO** service or the **CCASS EIPO** service in respect of a minimum of 500 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 500 Hong Kong Offer Shares must be in one of the numbers set out in the table in "— 4. Minimum Application Amount and Permitted Numbers", or as otherwise specified on the designated website at **www.eipo.com.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules), and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, please refer to the paragraph headed "Structure of the Global Offering — Pricing of the Global Offering" in this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING AND CLOSING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning; and/or
- Extreme Conditions,

in force in Hong Kong at any time between 9:00 am and 12:00 noon on Thursday, December 16, 2021. Instead they will open between 11:45 am and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 am and 12:00 noon.

If the application lists do not open and close on Thursday, December 16, 2021 or if there is/are a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal and/or Extreme Conditions in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made on our website at **www.bio-heart.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

11. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Wednesday, December 22, 2021 on the Company's website at **www.bio-heart.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and dates and in the manner specified below:

- in the announcement to be posted on the Company's website at **www.bio-heart.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Wednesday, December 22, 2021;
- from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Wednesday, December 22, 2021 to 12:00 midnight, on Tuesday, December 28, 2021; and
- from the allocation results telephone enquiry line by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. from Wednesday, December 22, 2021 to Tuesday, December 28, 2021 (except Saturday, Sunday and Hong Kong Public Holidays).

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

(i) If your application is revoked:

By applying through the **CCASS EIPO** service or through the **White Form eIPO** Service Provider, you agree that your application or application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before the fifth day after the time of the opening of the application lists (excluding any days which is a Saturday, Sunday or public holiday in Hong Kong) in the following circumstances:

(a) if a person responsible for this prospectus under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section on or before the fifth day after the time of the opening of the application lists (excluding any days which is a Saturday, Sunday or public holiday in Hong Kong) which excludes or limits that person's responsibility for this prospectus; or

(b) if any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If the Company or its agents exercise their discretion to reject your application:

The Company, the Sole Global Coordinator, the designated **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Hong Kong Stock Exchange does not grant permission to list the H Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website at **www.eipo.com.hk**;
- your payment is not made correctly or the check or banker ‘s cashier order paid by you is dishonored upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Sole Global Coordinator believes that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the paragraph headed "Structure of the Global Offering — Conditions of the Hong Kong Public Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the check or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Wednesday, December 22, 2021.

14. DISPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the **CCASS EIPO** service where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the H Shares. No receipt will be issued for sums paid on application.

Subject to arrangement on dispatch/collection of share certificates and refund monies as mentioned below, any refund checks and share certificates are expected to be posted on or before Wednesday, December 22, 2021. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of check(s) or banker's cashier's order(s).

H Share certificates will only become valid at 8:00 a.m. on Thursday, December 23, 2021 provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised. Investors who trade H Shares prior to the receipt of H Share certificates or the H Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply through the White Form eIPO service

If you apply for 500,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your H Share certificate(s) from our H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, December 22, 2021, or such other date as notified by the Company in the newspapers as the date of dispatch/collection of H Share certificates/e-Refund payment instructions/refund checks.

If you do not collect your H Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 500,000 Hong Kong Offer Shares, your H Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Wednesday, December 22, 2021 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund check(s) by ordinary post at your own risk.

(ii) If you apply through CCASS EIPO service

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant's stock account on Wednesday, December 22, 2021, or, on any other date determined by HKSCC or HKSCC Nominees.

The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a **broker** or **custodian**, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in the paragraph headed "— 11. Publication of Results" in this section on Wednesday, December 22, 2021. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, December 22, 2021 or such other date as determined by HKSCC or HKSCC Nominees.

If you have instructed your **broker** or **custodian** to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that **broker** or **custodian**.

If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Wednesday, December 22, 2021. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your **broker** or **custodian** on Wednesday, December 22, 2021.

15. ADMISSION OF THE H SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

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

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

The following is the text of a report received from our Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in the prospectus.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHANGHAI BIO-HEART BIOLOGICAL TECHNOLOGY CO., LTD. AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Shanghai Bio-heart Biological Technology Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages IA-4 to IA-72, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for the years ended December 31, 2019 and 2020, and the six months ended June 30, 2021 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2019 and 2020 and June 30, 2021 and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages IA-4 to IA-72 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated December 13, 2021 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at December 31, 2019 and 2020 and June 30, 2021 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2020 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange 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 IA-4 have been made.

Dividends

We refer to note 12 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

Ernst & Young
Certified Public Accountants
Hong Kong
December 13, 2021

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended December 31, 2019	Year ended December 31, 2020	Six months ended June 30, 2020	Six months ended June 30, 2021
		RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Other income and gains	5	1,646	3,424	522	964
Administrative expenses		(3,744)	(81,556)	(2,017)	(104,535)
Research and development expenses		(21,530)	(245,743)	(12,124)	(120,486)
Other expenses	7	(5)	(16,363)	–	(3,226)
Finance costs	8	(86)	(56)	(26)	(227)
LOSS BEFORE TAX	6	(23,719)	(340,294)	(13,645)	(227,510)
Income tax expense	11	–	–	–	–
LOSS FOR THE YEAR/PERIOD		(23,719)	(340,294)	(13,645)	(227,510)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD		(23,719)	(340,294)	(13,645)	(227,510)
Attributable to:					
Owners of the parent		(23,719)	(325,523)	(13,645)	(199,789)
Non-controlling interests		–	(14,771)	–	(27,721)
		(23,719)	(340,294)	(13,645)	(227,510)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT					
Basic and diluted (RMB)	13	N/A	N/A	N/A	N/A

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at December 31, 2019	As at December 31, 2020	As at June 30, 2021
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*14*	19,748	18,696	24,934
Other intangible assets	*18*	–	137,200	137,200
Prepayments, other receivables and other assets	*17*	289	12,173	20,063
Right-of-use assets	*15*	1,290	1,578	10,963
Goodwill	*16/30*	–	144,630	144,630
Total non-current assets		21,327	314,277	337,790
CURRENT ASSETS				
Prepayments, other receivables and other assets	*17*	12,035	17,098	24,612
Amounts due from related parties	*19/33*	81	–	–
Time deposits	*20*	–	–	226,664
Cash and cash equivalents	*21*	20,672	453,667	166,333
Total current assets		32,788	470,765	417,609
CURRENT LIABILITIES				
Trade payables	*22*	–	10	197
Lease liabilities	*15*	1,099	1,236	2,405
Other payables and accruals	*23*	1,826	12,098	14,662
Amounts due to related parties	*33*	5,627	–	–
Deferred income	*24*	160	523	523
Total current liabilities		8,712	13,867	17,787
NET CURRENT ASSETS		24,076	456,898	399,822
TOTAL ASSETS LESS CURRENT LIABILITIES		45,403	771,175	737,612

	Notes	As at December 31, 2019	As at December 31, 2020	As at June 30, 2021
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES				
Lease liabilities	*15*	224	80	8,183
Deferred income	*24*	7,040	6,602	6,480
Deferred tax liabilities	*25*	–	20,580	20,580
Total non-current liabilities		7,264	27,262	35,243
Net assets		38,139	743,913	702,369
EQUITY				
Equity attributable to owners of the parent				
Share Capital	*26*	–	220,000	220,000
Paid-in capital	*26*	28,638	–	–
Reserves	*27*	9,501	480,090	440,745
		38,139	700,090	660,745
Non-controlling interests	*28*	–	43,823	41,624
Total equity		38,139	743,913	702,369

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Paid-in capital	Share premium*	Share-based payment reserve*	Accumulated losses*	Total
	RMB'000 (note 26)	*RMB'000 (note 27)*	*RMB'000 (note 29)*	*RMB'000*	*RMB'000*
At January 1, 2019	23,197	46,790	29,470	(76,778)	22,679
Loss for the year	–	–	–	(23,719)	(23,719)
Total comprehensive loss for the year	–	–	–	(23,719)	(23,719)
Capital contribution by shareholders	5,441	33,738	–	–	39,179
At December 31, 2019	28,638	80,528	29,470	(100,497)	38,139

	Attributable to owners of the parent							
	Share capital	Paid-in capital	Share premium*	Share-based payment reserve*	Accumulated losses*	Total	Non-controlling interests	Total equity
	RMB'000 (note 26)	*RMB'000 (note 26)*	*RMB'000 (note 27)*	*RMB'000 (note 29)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2020	–	28,638	80,528	29,470	(100,497)	38,139	–	38,139
Loss for the year	–	–	–	–	(325,523)	(325,523)	(14,771)	(340,294)
Total comprehensive loss for the year	–	–	–	–	(325,523)	(325,523)	(14,771)	(340,294)
Capital contribution by shareholders	–	16,669	702,212	–	–	718,881	–	718,881
Shares issued to the restricted share platform	–	14,509	–	–	–	14,509	–	14,509
Equity-settled share award *(note 29)*	–	–	–	254,084	–	254,084	14,031	268,115
Acquisition of a subsidiary *(note 30)*	–	–	–	–	–	–	44,563	44,563
Conversion into a joint stock company	220,000	(59,816)	(478,446)	–	318,262	–	–	–
At December 31, 2020	220,000	–	304,294	283,554	(107,758)	700,090	43,823	743,913

	Paid-in capital	Share premium*	Share-based payment reserve*	Accumulated losses*	Total
	RMB'000 (note 26)	*RMB'000 (note 27)*	*RMB'000 (note 29)*	*RMB'000*	*RMB'000*
At 1 January 2020	28,638	80,528	29,470	(100,497)	38,139
Loss for the period(unaudited)	–	–	–	(13,645)	(13,645)
Total comprehensive loss for the period (unaudited)	–	–	–	(13,645)	(13,645)
Capital contribution by shareholders (unaudited)	22	379	–	–	401
At 30 June 2020 (unaudited)	28,660	80,907	29,470	(114,142)	24,895

	Attributable to owners of the parent						
	Share capital	Share premium*	Share-based payment reserve*	Accumulated losses*	Total	Non-controlling interests	Total equity
	RMB'000 (note 26)	*RMB'000 (note 27)*	*RMB'000 (note 29)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2021	220,000	304,294	283,554	(107,758)	700,090	43,823	743,913
Loss for the period	–	–	–	(199,789)	(199,789)	(27,721)	(227,510)
Total comprehensive loss for the period	–	–	–	(199,789)	(199,789)	(27,721)	(227,510)
Equity-settled share award *(note 29)*	–	–	160,444	–	160,444	25,522	185,966
At 30 June 2021	220,000	304,294	443,998	(307,547)	660,745	41,624	702,369

* These reserve accounts comprise the consolidated reserves of RMB9,501,000, RMB480,090,000 and RMB440,745,000 in the consolidated statements of financial position as at December 31, 2019, 2020 and June 30, 2021, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended December 31, 2019	Year ended December 31, 2020	Six months ended June 30, 2020	Six months ended June 30, 2021
		RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before tax		(23,719)	(340,294)	(13,645)	(227,510)
Adjustments for:					
Finance costs	8	86	56	26	227
COVID-19-related rent concessions	15	–	(236)	(236)	–
Bank interest income	5	(8)	(190)	(24)	(821)
Depreciation of property, plant and equipment	14	6,795	7,537	3,645	5,468
Depreciation of right-of-use assets	15	905	1,106	430	1,725
Equity-settled share award expense	29	–	268,115	–	185,966
Foreign exchange differences	6	(8)	16,353	–	3,220
Operating cash flows before movements in working capital		(15,949)	(47,553)	(9,804)	(31,725)
Increase in prepayments, other receivables and other assets		(9,834)	(3,145)	(464)	(7,604)
Decrease in amounts due from related parties		2,674	–	627	–
Increase in amounts due to related parties		748	392	338	–
Increase in accounts payable		–	–	–	187
Increase in other payables and accruals		1,360	3,561	288	998
Decrease in deferred income		(360)	(1,749)	(160)	(122)
Cash used in operations		(21,361)	(48,494)	(9,175)	(38,266)
Interest paid		–	–	–	–
Income tax paid		–	–	–	–
Net cash flows used in operating activities		(21,361)	(48,494)	(9,175)	(38,266)

	Notes	Year ended December 31, 2019 RMB'000	Year ended December 31, 2020 RMB'000	Six months ended June 30, 2020 RMB'000 (Unaudited)	Six months ended June 30, 2021 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of items of property, plant and equipment		(14,989)	(5,747)	–	(10,116)
Bank interest income	5	8	190	24	261
Advances of loans to related parties	33(b)	(5,121)	(528)	(644)	–
Increase in bank deposits with initial terms of over three months when acquired		–	–	–	(228,604)
Repayments of loans to related parties	33(b)	14,442	1,351	16	–
Acquisition of a subsidiary	30	–	(220,417)	–	–
Net cash flows used in investing activities		(5,660)	(225,151)	(604)	(238,459)
CASH FLOWS FROM FINANCING ACTIVITIES					
Capital contribution from shareholders	26	39,179	718,881	–	–
Proceeds on registered capital		–	–	401	–
Shares issued to the restricted shares platform		–	14,509	–	–
Borrowings from related parties	33(b)	11,517	–	–	–
Repayments of borrowings from related parties	33(b)	(6,883)	(5,347)	(627)	–
Lease payments	15(b)	(723)	(1,167)	(450)	(2,065)
Payment of listing expenses		–	(3,883)	–	(7,824)
Net cash flows from/(used in) financing activities		43,090	722,993	(676)	(9,889)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		16,069	449,348	(10,455)	(286,614)
Cash and cash equivalents at beginning of year/period	21	4,595	20,672	20,672	453,667
Effect of foreign exchange rate changes		8	(16,353)	–	(720)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	21	20,672	453,667	10,217	166,333

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at December 31, 2019	As at December 31, 2020	As at June 30, 2021
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*14*	19,748	15,641	21,285
Prepayments, other receivables and other assets	*17*	289	11,820	19,704
Right-of-use assets	*15*	1,290	430	10,307
Investment in a subsidiary		–	270,846	345,232
Amounts due from related parties	*19/33*	–	–	9,538
Total non-current assets		21,327	298,737	406,066
CURRENT ASSETS				
Prepayments, other receivables and other assets	*17*	12,035	15,211	22,018
Amounts due from related parties	*19/33*	81	–	–
Time deposits	*20*	–	–	226,664
Cash and cash equivalents	*21*	20,672	445,801	157,495
Total current assets		32,788	461,012	406,177
CURRENT LIABILITIES				
Lease liabilities	*15*	1,099	224	1,808
Trade payables	*22*	–	–	187
Other payables and accruals	*23*	1,826	9,045	12,390
Amounts due to related parties	*33*	5,627	1,414	1,414
Deferred income	*24*	160	187	187
Total current liabilities		8,712	10,870	15,986
NET CURRENT ASSETS		24,076	450,142	390,191
TOTAL ASSETS LESS CURRENT LIABILITIES		45,403	748,879	796,257

	Notes	As at December 31, 2019	As at December 31, 2020	As at June 30, 2021
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES				
Lease liabilities	*15*	224	–	8,183
Deferred income	*24*	7,040	6,478	6,384
Total non-current liabilities		7,264	6,478	14,567
Net assets		38,139	742,401	781,690
EQUITY				
Equity attributable to owners of the parent				
Share capital	*26*	–	220,000	220,000
Paid-in capital	*26*	28,638	–	–
Reserves	*27*	9,501	522,401	561,690
Total equity		38,139	742,401	781,690

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Shanghai Bio-heart Biological Technology Co., Ltd. (the "Company") was incorporated in the People's Republic of China ("PRC") on July 18, 2014 as a limited liability company. On December 8, 2020, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The registered office of the Company is located at Room 302, 3/F, Block 4, No. 590, Ruiqing Road, Pudong District, Shanghai, PRC.

During the Relevant Periods and the six months ended June 30, 2020, the Company and its subsidiaries (together, the "Group") are principally engaged in the research and development of bioresorbable scaffold ("BRS") products and the second-generation renal denervation ("RDN") system.

As at the date of this report, the Company had two subsidiaries, all of which are private limited liability companies. The particulars of the Company's subsidiaries are set out below:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
Shanghai AngioCare Medical Technology Co., Ltd. *(a)** ("AngioCare") 上海安通醫療科技有限公司	PRC/Mainland China September 28, 2011	RMB6,088,900	65.69% (direct)	Research and development
Hong Kong Bio-heart Biological Technology Co., Limited 香港百心安生物技術有限公司	Hong Kong April 7, 2021	RMB10,000,000	100.00% (direct)	Local administration

(a) The statutory financial statements of AngioCare for the year ended December 31, 2019 and for the year ended December 31, 2020 prepared under PRC Generally Accepted Accounting Principles ("PRC GAAP") were audited by Shanghai Jinrui Certified Public Accountants Co., Ltd. (上海錦瑞會計師事務所有限公司).

* The English name of the entity registered in Mainland China represents the best efforts made by the management of the Company to directly translate its Chinese name as the entity did not register any official English name.

* The Company's subsidiary registered in the PRC is a limited liability company under PRC law.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board ("IASB"). All IFRSs effective for the accounting period commencing from January 1, 2021, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information. The Historical Financial Information is presented in RMB and all values are rounded to the nearest thousand (RMB'000).

The Historical Financial Information has been prepared under the historical cost convention.

In preparing the Historical Financial Information, the directors of the Company have considered the Group's sources of liquidity and believe that adequate funding is available to fulfil the Group's debt obligations and capital expenditure requirements.

The Group incurred losses continually during the Relevant Periods due to the pre-revenue stage of its medical devices research and development businesses. In September 2020, the proceeds of RMB733,390,000 as mentioned in note 26 had been fully received, with approximately RMB31,178,000 and RMB702,212,000 credited to the Company's share capital and share premium, respectively. In light of the above capital injection of the Group and after taking into account the Group's operating cash flow needs and capital expenditure spending in the foreseeable future, the Directors are of the opinion that the Group shall be able to meet its liabilities and expenses as and when they fall due in the foreseeable future.

Accordingly, the directors of the Company concluded that it is appropriate to prepare the Historical Financial Information on a going concern basis.

Basis of consolidation

The Historical Financial Information includes the financial information of the Company and its subsidiaries for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiary are prepared for the same reporting period as the Company, using consistent accounting policies. The results of the subsidiary are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Historical Financial Information.

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to IFRS 3	*Reference to the Conceptual Framework*[3]
Amendments to IAS 1	Disclosure of Accounting Policies[4]
Amendments to IAS 8	Definition of Accounting Estimates[4]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[3]
Amendments to IAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*[3]
Annual Improvements to IFRSs 2018-2020	*Amendments to IFRS 1, IFRS 9, IAS 41 and Illustrative Examples accompanying IFRS 16*[3]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[4]
IFRS 17	*Insurance Contracts*[4]
Amendments to IFRS 17	*Insurance Contracts*[4, 5]
Amendments to IFRS 16	*COVID-19 Related Rent Concessions beyond June 30, 2021*[2]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[4]

1 No mandatory effective date yet determined but available for adoption

2 Effective for annual periods beginning on or after April 1, 2021

3 Effective for annual periods beginning on or after January 1, 2022

4 Effective for annual periods beginning on or after January 1, 2023

5 As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before January 1, 2023

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs may result in changes in accounting policies and are unlikely to have a significant impact on the Group's results of operations and financial position.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value either recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at December 31. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its financial instruments at fair value through other comprehensive income and at fair value through profit or loss at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and other non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Machinery	18%
Office equipment	30%
Motor vehicles	23%
Leasehold improvements	21%-92%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

The depreciation expense incurred related to the right-of-use asset for the building lease during the construction period is expensed when incurred.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intellectual property

Intellectual property with finite useful life is amortised using the straight-line basis over the commercial lives of the underlying products, commencing from the date when the products are put into commercial production.

Research and development costs

All research costs are charged to the consolidated statements of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At inception or on reassessment of a contract that contains a lease component and non-lease components, the Group adopts the practical expedient not to separate non-lease components and to account for the lease component and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	1.7 – 6 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of motor vehicles that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include amounts due from related companies and deposits and other receivables included in prepayments, other receivables and other assets.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At the end of each of the Relevant Periods, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and which apply the simplified approach as detailed below.

Stage 1	–	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	–	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	–	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals and lease liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortized cost (loans and borrowings)

After initial recognition, trade payables, other payables and accruals and lease liabilities are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the consolidated statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, are subject to an insignificant risk of changes in value, and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period, taking into consideration interpretations and practices prevailing in the country in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in a subsidiary when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in a subsidiary, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments and released to profit or loss by way of a reduced depreciation charge.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Share-based payments

The Company operates a share award scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) and non-employees of the Group receive remuneration and rewards in the form of share-based payments, whereby employees and non-employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The cost of equity-settled transactions with non-employees is measured by reference to the fair value of the services they provided unless the fair value of the equity instruments granted is more reliably determinable. The fair value is measured at the market value of the shares, adjusted for the exclusion of expected dividends to be received in the vesting period, further details of which are given in note 29 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in expense, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest.

For awards that do not ultimately vest because service conditions have not been met, no expense is recognised.

Other employee benefits

Pension scheme

The employees of the Group which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiary operating in Mainland China is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Research and development expenses

Research and development expenses incurred on the Group's medical device product pipelines are capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Research and development expenses which do not meet these criteria are expensed when incurred. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. All expenses incurred for research and development activities were regarded as research expenses and therefore were expensed when incurred.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Recognition of deferred tax assets

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profits will be available against which the losses and temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 11 to the Historical Financial Information.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Intangible assets not ready for use are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at December 31, 2020 and June 30, 2021 was RMB144,630,000 and RMB144,630,000, respectively. Further details are given in note 16.

4. SEGMENT INFORMATION

For the purpose of resource allocation and performance assessment, the Group's chief executive officer, being the chief operating decision maker, reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment and no further analysis of this single segment is presented.

The Group did not record any revenue during the Relevant Periods and the Group's non-current assets are substantially located in the PRC, accordingly, no analysis of geographical segment is presented.

5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	Year ended December 31,		Six months ended June 30,	
	2019	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Other income				
Government grants*	1,570	3,031	484	122
Bank interest income	8	190	24	821
Consulting income	–	181	–	–
Others	60	22	14	21
Gains				
Foreign exchange differences	8	–	–	–
Other income and gains	1,646	3,424	522	964

* The Group has received certain government grants related to assets to investments in equipment and plant. The grants related to assets were recorded in deferred income and recognised in profit or loss over the useful lives of the relevant assets after the relevant conditions are met. Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period upon actual receipt.

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

		Year ended December 31,		Six months ended June 30,	
	Notes	**2019**	**2020**	**2020**	**2021**
		RMB'000	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Depreciation of property, plant and equipment*	*14*	6,795	7,537	3,645	5,468
Depreciation of right-of-use assets*	*15*	905	1,106	430	1,725
Government grants	*5*	(1,570)	(3,031)	(484)	(122)
Bank interest income	*5*	(8)	(190)	(24)	(821)
Foreign exchange differences		(8)	16,353	–	3,220
Auditor's remuneration		10	602	301	301
Expense relating to leases of low-value assets	*15(c)*	6	8	–	–
Listing expense		–	5,461	–	6,529
		6,130	27,846	3,868	16,300
Staff cost (excluding directors', supervisors' and chief executive's remuneration):					
– Wages and salaries		2,923	3,902	1,381	3,604
– Pension scheme contributions		199	19	18	286
– Equity-settled share award expense		–	56,987	–	28,995

* The depreciation of property, plant and equipment, depreciation of right-of-use assets and employee benefit expenses for the Relevant Periods are set out in "Administrative expenses" and "Research and development expenses" in the consolidated statements of profit or loss and other comprehensive income.

7. OTHER EXPENSES

An analysis of other expenses is as follows:

	Year ended December 31,		Six months ended June 30,	
	2019	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Foreign exchange differences	–	16,353	–	3,220
Others	5	10	–	6
	5	16,363	–	3,226

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended December 31,		Six months ended June 30,	
	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest on lease liabilities *(note 15)*	86	56	26	227

9. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors', supervisors' and chief executive's remuneration for the Relevant Periods, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended December 31,	Year ended December 31,	Six months ended June 30,	Six months ended June 30,
	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Fees	–	99	–	600
Other emoluments:				
Salaries, allowances and benefits in kind	607	1,396	346	2,791
Performance related bonuses	58	342	–	599
Equity-settled share award expense	–	86,149	–	156,971
Pension scheme contributions	28	4	4	110
	693	87,990	350	161,071

During the Relevant Periods, shares were granted to Mr. Philip Li Wang, Mr. Yunqing Wang, Mr. Tao Cai, Mr. Chen Zhao Zhang and Ms. Peili Wang in respect of their services to the Group, further details of which are set out in note 29 to the Historical Financial Information. The fair value of such awarded shares, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is set out in the above directors' and supervisors' remuneration disclosures.

Directors

(a) Independent non-executive directors

	Year ended December 31,	Year ended December 31,	Six months ended June 30,	Six months ended June 30,
	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Mr. Charles Sheung Wai Chan *(a)*	N/A	33	N/A	200
Mr. George Chien Cheng Lin *(a)*	N/A	33	N/A	200
Mr. Xubo Lv *(a)*	N/A	33	N/A	200
	N/A	99	N/A	600

(b) Executive directors, non-executive directors and the chief executive

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Equity-settled share award expense	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2019						
Executive director and chief executive:						
Mr. Philip Li Wang *(b)*	–	418	–	–	–	418
Non-executive directors:						
Mr. Kun Yang *(c)*	–	–	–	–	–	–
Mr. Kui Ding *(d)*	–	–	–	–	–	–
Mr. Changning Hao *(e)*	–	–	–	–	–	–
Mr. Yin Zhu *(f)*	–	–	–	–	–	–
Mr. Jie Yin *(g)*	–	–	–	–	–	–
Mr. Jing Bao *(g)*	–	–	–	–	–	–
	–	418	–	–	–	418
Year ended December 31, 2020						
Executive directors:						
Mr. Philip Li Wang *(b)*	–	491	–	–	60,906	61,397
Mr. Yunqing Wang *(h)*	–	339	80	–	8,439	8,858
Mr. Tao Cai *(i)*	–	132	30	–	4,571	4,733
Non-executive directors:						
Mr. Kun Yang *(c)*	–	–	–	–	–	–
Mr. Changning Hao *(e)*	–	–	–	–	–	–
Mr. Jie Yin *(g)*	–	–	–	–	–	–
Mr. Jing Bao *(g)*	–	–	–	–	–	–
Mr. Quan Zhou *(h)*	–	–	–	–	–	–
Ms. Li Cai *(i)*	–	–	–	–	–	–
Mr. Ji Chen *(j)*	–	–	–	–	–	–
	–	962	110	–	73,916	74,988

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Equity-settled share award expense	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended June 30, 2020 (Unaudited)						
Executive director and chief executive:						
Mr. Philip Li Wang *(b)*	–	290	–	–	–	290
Non-executive directors:						
Mr. Kun Yang *(c)*	–	–	–	–	–	–
Mr. Kui Ding *(d)*	–	–	–	–	–	–
Mr. Changning Hao *(e)*	–	–	–	–	–	–
Mr. Yin Zhu *(f)*	–	–	–	–	–	–
Mr. Jie Yin *(g)*	–	–	–	–	–	–
Mr. Jing Bao *(g)*	–	–	–	–	–	–
	–	290	–	–	–	290
Six months ended June 30, 2021						
Executive directors:						
Mr. Philip Li Wang *(b)*	–	1,147	–	–	111,353	112,500
Mr. Yunqing Wang *(h)*	–	517	80	28	15,210	15,835
Non-executive directors:						
Mr. Kun Yang *(c)*	–	–	–	–	–	–
Mr. Changning Hao *(e)*	–	–	–	–	–	–
Mr. Jie Yin *(g)*	–	–	–	–	–	–
Mr. Jing Bao *(g)*	–	–	–	–	–	–
Mr. Quan Zhou *(h)*	–	–	–	–	–	–
Ms. Li Cai *(i)*	–	–	–	–	–	–
Mr. Ji Chen *(j)*	–	–	–	–	–	–
	–	1,664	80	28	126,563	128,335

Supervisors

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Equity-settled share award expense	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2019					
Ms. Peili Wang	189	58	28	–	275
Year ended December 31, 2020					
Ms. Peili Wang	302	202	4	3,455	3,963
Mr. Tao Cai *(k)*	66	15	–	2,080	2,161
Mr. Chen Zhao Zhang *(k)*	66	15	–	6,698	6,779
	434	232	4	12,233	12,903
Six months ended June 30, 2020 (Unaudited)					
Ms. Peili Wang	56	–	4	–	60
Mr. Tao Cai *(k)*	–	–	–	–	–
Mr. Chen Zhao Zhang *(k)*	–	–	–	–	–
	56	–	4	–	60
Six months ended 30 June 2021					
Ms. Peili Wang	334	150	26	6,118	6,628
Mr. Tao Cai *(k)*	396	180	28	12,145	12,749
Mr. Chen Zhao Zhang *(k)*	397	189	28	12,145	12,759
	1,127	519	82	30,408	32,136

There was no arrangement under which a director, supervisor or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

Notes:

(a) Mr. Charles Sheung Wai Chan, Mr. George Chien Cheng Lin and Mr. Xubo Lv were appointed as independent non-executive directors on November 24, 2020.

(b) Mr. Philip Li Wang was also the chief executive of the Company during the Relevant Periods.

(c) Mr. Kun Yang resigned as a director of the Company with effect from November 24, 2020.

(d) Mr. Kui Ding resigned as a director of the Company with effect from September 6, 2019.

(e) Mr. Changning Hao was appointed as a director of the Company on September 6, 2019, and resigned with effect from November 10, 2020.

(f) Mr. Yin Zhu resigned as a director of the Company with effect from September 6, 2019.

(g) Mr. Jie Yin and Mr. Jing Bao were appointed as directors of the Company on November 1, 2019. Mr. Jing Bao resigned as a director of the Company with effect from November 24, 2020.

(h) Mr. Yunqing Wang and Mr. Quan Zhou were appointed as directors of the Company on September 4, 2020. Mr. Yunqing Wang was also appointed as the Chief Finance Officer of the Company on September 22, 2020.

(i) Ms. Li Cai and Mr. Tao Cai were appointed as directors of the Company on September 23, 2020. Mr. Tao Cai resigned as a director of the Company with effect from November 24, 2020.

(j) Mr. Ji Chen was appointed as a director of the Company on November 10, 2020.

(k) Mr. Tao Cai and Mr. Chen Zhao Zhang were appointed as supervisors of the Company on November 24, 2020. Mr. Tao Cai's remuneration is RMB338,000 before he was appointed as a director of the Company in 2020. Mr. Chen Zhao Zhang's remuneration is RMB626,000 before he was appointed as a supervisor of the Company in 2020.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods included nil and four directors, respectively, details of whose remuneration are set out in note 9 above. Details of the remuneration for the remaining five and one highest paid employees who are neither a director nor chief executive of the Company during the Relevant Periods are as follows:

	Year ended December 31,		Six months ended June 30,	
	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Salaries, bonuses, allowances and benefits in kind	1,035	152	582	768
Performance related bonuses	437	38	9	–
Equity-settled share award expense	–	7,575	–	13,589
Pension scheme contributions	126	–	10	28
	1,598	7,765	601	14,385

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees			
	Year ended December 31,		Six months ended June 30,	
	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Nil to HK$1,000,000	5	–	5	1
HK$9,000,000 to HK$10,000,000	–	1	–	1

During the Relevant Periods, shares were granted to certain highest paid employees in respect of their further services to the Group, further details of which are set out in note 29 to the Historical Financial Information. The fair value of such awarded shares, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above highest paid employees' remuneration disclosures.

11. INCOME TAX

The Group's principal applicable taxes and tax rates are as follows:

(a) No provision for Mainland China income tax has been provided for at a rate of 25% pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "CIT Law"), as the Group's PRC entities have no estimated assessable profits.

(b) A reconciliation of the tax expense applicable to loss before tax at the statutory rate to the tax expense at the effective tax rate is as follows:

	Year ended December 31,		Six months ended June 30,	
	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Loss before tax	(23,719)	(340,294)	(13,645)	(227,510)
Tax at the statutory tax rate of 25%	(5,930)	(85,074)	(3,411)	(56,878)
Effect of different tax rate of a subsidiary operating in other jurisdictions and tax concession	–	3,997	–	8,083
Tax effect of income that is exempt from taxation	(90)	(351)	–	(27)
Expenses not deductible for tax	528	63,567	153	39,408
Additional deductible allowance for research and development costs	(4,162)	(3,711)	(1,500)	(3,506)
Tax effect of deductible temporary differences not recognised	307	2,037	(168)	516
Tax losses not recognised	9,347	19,535	4,926	12,404
Tax charge at the Group's effective tax rate for the year/period	–	–	–	–

Deferred tax assets have not been recognised in respect of the following items:

	As at December 31,		As at June 30,	
	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Tax losses	105,143	244,103	124,845	297,628
Deductible temporary differences	1,565	11,947	893	13,786
	106,708	256,050	125,738	311,414

The Group has tax losses arising of RMB105,143,000, RMB244,103,000, RMB297,628,000 and RMB124,845,000 as at the end of each of the Relevant Periods and June 30, 2020. The tax losses in the PRC can be carried forward for ten years to offset future taxable profit. The tax losses of the Company and its subsidiary will expire in one to ten years for offsetting against taxable profits.

Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

12. DIVIDEND

No dividends have been paid or declared by the Company during Relevant Periods.

13. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Loss per share information is not presented as its inclusion, for the purposes of this report, is not considered meaningful because the number of ordinary shares as at the end of each of the Relevant Periods is different from the number of ordinary shares immediately after the completion of public listing of the Group.

14. PROPERTY, PLANT AND EQUIPMENT

The Group and the Company

	Machinery	Office equipment	Motor vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2019					
At January 1, 2019:					
Cost	7,469	20	583	9,923	17,995
Accumulated depreciation	(1,882)	(20)	(339)	(4,200)	(6,441)
Net carrying amount	5,587	–	244	5,723	11,554
At January 1, 2019, net of accumulated depreciation	5,587	–	244	5,723	11,554
Additions	11,450	–	–	3,539	14,989
Depreciation provided during the year	(3,066)	–	(131)	(3,598)	(6,795)
At December 31, 2019, net of accumulated depreciation	13,971	–	113	5,664	19,748
At December 31, 2019:					
Cost	18,919	20	583	13,462	32,984
Accumulated depreciation	(4,948)	(20)	(470)	(7,798)	(13,236)
Net carrying amount	13,971	–	113	5,664	19,748

The Group

	Machinery	Office equipment	Motor vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2020					
At January 1, 2020:					
Cost	18,919	20	583	13,462	32,984
Accumulated depreciation	(4,948)	(20)	(470)	(7,798)	(13,236)
Net carrying amount	13,971	–	113	5,664	19,748
At January 1, 2020, net of accumulated depreciation	13,971	–	113	5,664	19,748
Additions	2,417	–	–	834	3,251
Acquisition of a subsidiary	3,138	45	51	–	3,234
Depreciation provided during the year	(3,583)	(4)	(55)	(3,895)	(7,537)
At December 31, 2020, net of accumulated depreciation	15,943	41	109	2,603	18,696
At December 31, 2020:					
Cost	28,455	60	1,103	14,610	44,228
Accumulated depreciation	(12,512)	(19)	(994)	(12,007)	(25,532)
Net carrying amount	15,943	41	109	2,603	18,696

The Company

	Machinery	Office equipment	Motor vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2020					
At January 1, 2020:					
Cost	18,919	20	583	13,462	32,984
Accumulated depreciation	(4,948)	(20)	(470)	(7,798)	(13,236)
Net carrying amount	13,971	–	113	5,664	19,748
At January 1, 2020, net of accumulated depreciation	13,971	–	113	5,664	19,748
Additions	2,417	–	–	834	3,251
Depreciation provided during the year	(3,408)	–	(55)	(3,895)	(7,358)
At December 31, 2020, net of accumulated depreciation	12,980	–	58	2,603	15,641
At December 31, 2020:					
Cost	21,336	13	583	14,296	36,228
Accumulated depreciation	(8,356)	(13)	(525)	(11,693)	(20,587)
Net carrying amount	12,980	–	58	2,603	15,641

The Group

	Machinery	Office equipment	Motor vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
June 30, 2021						
At January 1, 2021:						
Cost	28,455	60	1,103	14,610	–	44,228
Accumulated depreciation	(12,512)	(19)	(994)	(12,007)	–	(25,532)
Net carrying amount	15,943	41	109	2,603	–	18,696
At January 1, 2021, net of accumulated depreciation	15,943	41	109	2,603	–	18,696
Additions	3,378	53	–	1,500	6,775	11,706
Acquisition of a subsidiary	–	–	–	–	–	–
Depreciation provided during the period	(2,277)	(11)	–	(3,180)	–	(5,468)
At June 30, 2021, net of accumulated depreciation	17,044	83	109	923	6,775	24,934
At June 30, 2021:						
Cost	31,833	113	1,103	16,110	6,775	55,934
Accumulated depreciation	(14,789)	(30)	(994)	(15,187)	–	(31,000)
Net carrying amount	17,044	83	109	923	6,775	24,934

The Company

	Machinery	Office equipment	Motor vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
June 30, 2021						
At January 1, 2021:						
Cost	21,336	13	583	14,296	–	36,228
Accumulated depreciation	(8,356)	(13)	(525)	(11,693)	–	(20,587)
Net carrying amount	12,980	–	58	2,603	–	15,641
At January 1, 2021, net of accumulated depreciation	12,980	–	58	2,603	–	15,641
Additions	3,346	55	–	–	6,775	10,176
Depreciation provided during the period	(1,925)	(4)	–	(2,603)	–	(4,532)
At June 30, 2021, net of accumulated depreciation	14,401	51	58	–	6,775	21,285
At June 30, 2021:						
Cost	24,682	66	583	14,296	6,775	46,402
Accumulated depreciation	(10,281)	(15)	(525)	(14,296)	–	(25,117)
Net carrying amount	14,401	51	58	–	6,775	21,285

15. LEASES

The Group and the Company as a lessee

During the Relevant Periods, the Group entered into certain long-term lease contracts for buildings which generally have lease terms between 1 and 6 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. There is no lease contract that includes extension and termination options and variable lease payments.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

	Buildings
	RMB'000
As at January 1, 2019	2,195
Depreciation charge	(905)
As at December 31, 2019	1,290

	Buildings
	RMB'000
As at January 1, 2020	1,290
Additions as a result of acquisition of a subsidiary *(note 30)*	1,394
Depreciation charge	(1,106)
As at December 31, 2020	1,578

	Buildings
	RMB'000
As at January 1, 2021	1,578
Additions due to new lease	11,110
Depreciation charge	(1,725)
As at June 30, 2021	10,963

The Company

The carrying amounts of the Company's right-of-use assets and the movements during the Relevant Periods are as follows:

	Buildings
	RMB'000
As at January 1, 2019	2,195
Depreciation charge	(905)
As at December 31, 2019	1,290

	Buildings
	RMB'000
As at January 1, 2020	1,290
Depreciation charge	(860)
As at December 31, 2020	430

	Buildings
	RMB'000
As at January 1, 2021	430
Additions due to new lease	11,110
Depreciation charge	(1,233)
As at June 30, 2021	10,307

(b) Lease liabilities

The Group

The carrying amount of lease liabilities and the movements during the Relevant Periods are as follows:

	Year ended December 31,	Year ended December 31,	Six months ended June 30,
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at 1 January	1,960	1,323	1,316
Additions due to new lease	–	–	11,110
Additions as a result of acquisition of a subsidiary *(note 30)*	–	1,340	–
Accretion of interest recognised during the year/period	86	56	227
COVID-19-related rent concessions	–	(236)	–
Payments	(723)	(1,167)	(2,065)
Carrying amount at the end of the year/period	1,323	1,316	10,588
Analysed into:			
Current portion	1,099	1,236	2,405
Non-current portion	224	80	8,183

The maturity analysis of lease liabilities is disclosed in note 36 to the Historical Financial Information.

The Group applied the practical expedient to account for a forgiveness or waiver of lease payments as a variable lease payment to make a corresponding adjustment to the lease liabilities, in effect derecognising the part of the lease liabilities that has been forgiven or waived.

The Company

The carrying amount of the Company's lease liabilities and the movements during the Relevant Periods are as follows:

	Year ended December 31,	Year ended December 31,	Six months ended June 30,
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at January 1	1,960	1,323	224
Additions due to new lease	–	–	11,110
Accretion of interest recognised during the year/period	86	40	205
COVID-19-related rent concessions	–	(236)	–
Payments	(723)	(903)	(1,548)
Carrying amount at the end of the year/period	1,323	224	9,991
Analysed into:			
Current portion	1,099	224	1,808
Non-current portion	224	–	8,183

(c) The amounts recognised in profit or loss in relation to leases are as follows:

The Group

	Year ended December 31,	Year ended December 31,	Six months ended June 30,
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities	86	56	227
Depreciation charge of right-of-use assets	905	1,106	1,725
Expense relating to leases of low-value assets*	6	8	–
Total amount recognised in profit or loss	997	1,170	1,952

* Included in "Administrative expenses" and "Research and development expenses" in the consolidated statement of profit or loss and other comprehensive income.

The Company

	Year ended December 31,	Year ended December 31,	Six months ended June 30,
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities	86	40	205
Depreciation charge of right-of-use assets	905	860	1,233
Expense relating to leases of low-value assets	6	7	–
Total amount recognised in profit or loss	997	907	1,438

(d) The total cash outflow for leases is set out in note 31 to the Historical Financial Information.

16. GOODWILL

	Goodwill
	RMB'000
Cost at January 1, 2019 and December 31, 2019, net of accumulated impairment	–
Acquisition of a subsidiary *(note 30)*	144,630
Cost and net carrying amount at December 31, 2020	144,630
As at December 31, 2020:	
Cost	144,630
Accumulated impairment	–
Net carrying amount	144,630
Cost at January 1, 2020 and December 31, 2020, net of accumulated impairment	144,630
Cost and net carrying amount at June 30, 2021	144,630
As at June 30, 2021:	
Cost	144,630
Accumulated impairment	–
Net carrying amount	144,630

Impairment testing of goodwill

The Group's goodwill acquired through business combination is related to the acquisition of AngioCare in September 2020 and the goodwill has been allocated to the AngioCare cash generating unit for impairment testing. The management considers that using a 10-year forecast period for financial budget in the goodwill impairment test is appropriate because the useful lives of AngioCare's relevant intellectual property are longer than ten years, and it generally takes longer for a medical device company to reach perpetual growth mode, compared to companies in other industries, especially when its product is still under clinical trial and the market of such product is at an early stage of development with substantial growth potential. Hence, financial budgets covering a 10-year period was used as the management believes that a forecasted period longer than five years is feasible and reflects a more accurate entity value.

Key assumptions used in the calculation are as follows:

	As at December 31, 2020	As at June 30, 2021
Revenue (% compound growth rate)	65.30%	65.21%
Gross margin (% of revenue)	60.00%	60.00%
Terminal growth rate	3.00%	3.00%
Pre-tax discount rate	19.56%	19.65%

As at December 31, 2020 and June 30, 2021, the recoverable amount of the cash-generating unit exceeds its carrying amount by RMB53,422,000 and RMB75,969,000, respectively.

Assumptions were used in the value in use calculation of cash-generating unit as at December 31, 2020 and June 30, 2021. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Revenue — The basis used to determine the budgeted revenue is based on the management's expectation of when to launch AngioCare's product and also expectation of the future market. AngioCare's product candidate, renal denervation ("AngioCare Product"), is at clinical trial stage, and the management expects to file NMPA in China for AngioCare Product in around 2023. The compound growth rate of revenue was estimated based on information available at the time of assessment, disregarding the information that has become available after the assessment. Such information includes current industry overview and estimated market development of related products.

Terminal growth rate — The forecasted terminal growth rate is based on management's expectations and does not exceed the long-term average growth rate for the industry relevant to the cash-generating unit.

Pre-tax discount rate — The discount rate used is before tax and reflects specific risks relating to the relevant unit.

If the pre-tax discount rate rose to 20.79%, the gross margin decreased to 57.17%, or the compound growth rate of revenue decreased to 61.93% (with other assumptions remaining unchanged), the recoverable amount of the cash-generating unit would be decreased to the carrying amount of the cash-generating unit. Except for these, any reasonable possible changes in the other key assumptions used in the fair value assessment model would not affect management's view on impairment at December 31, 2020.

If the pre-tax discount rate rose to 21.31%, the gross margin decreased to 56.51%, or the compound growth rate of revenue decreased to 60.74% (with other assumptions remaining unchanged), the recoverable amount of the cash-generating unit would be decreased to the carrying amount of the cash-generating unit. Except for these, any reasonable possible changes in the other key assumptions used in the fair value assessment model would not affect management's view on impairment at June 30, 2021.

Based on the impairment assessment conducted by the Group utilising the above key assumptions, the recoverable amount of the cash-generating unit estimated from the cash flow forecast exceeded the carrying amount of the cash-generating unit and no impairment was considered necessary.

The values assigned to the key assumptions on market development of related products and pre-tax discount rate are consistent with external information sources.

17. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at December 31, 2019	As at December 31, 2020	As at June 30, 2021
	RMB'000	*RMB'000*	*RMB'000*
Non-current:			
Prepayments for purchase of items of property, plant and equipment	–	2,496	906
Deferred listing expenses	–	8,273	17,663
Rental deposits	231	1,142	1,228
Other deposits	58	262	266
	289	12,173	20,063
Current:			
Prepayments	11,442	14,784	19,034
Other receivables	245	–	104
Value-added tax recoverable	348	2,314	5,474
	12,035	17,098	24,612

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at the end of each of the Relevant Periods, the loss allowance was assessed to be minimal.

The Company

	As at December 31, 2019	As at December 31, 2020	As at June 30, 2021
	RMB'000	*RMB'000*	*RMB'000*
Non-current:			
Prepayments for purchase of items of property, plant and equipment	–	2,496	906
Deferred listing expenses	–	8,273	17,663
Rental deposits	231	890	969
Other Deposits	58	161	166
	289	11,820	19,704
Current:			
Prepayments	11,442	13,451	17,223
Other receivables	245	–	99
Value-added tax recoverable	348	1,760	4,696
	12,035	15,211	22,018

18. OTHER INTANGIBLE ASSETS

The Group

	Intellectual property
	RMB'000
Cost at January 1, 2019 and December 31, 2019, net of accumulated amortization	–
Additions as a result of acquisition of a subsidiary *(note 30)*	137,200
At December 31, 2020	137,200
At December 31, 2020	
Cost	137,200
Accumulated amortization	–
Net carrying amount	137,200
Cost at January 1, 2021, net of accumulated amortization	137,200
Addition	–
At June 30, 2021	137,200
At June 30, 2021	
Cost	137,200
Accumulated amortization	–
Net carrying amount	137,200

Impairment testing of the intangible assets

Management of the Group performed impairment testing annually for intellectual property not ready for use. The intangible asset is allocated to the cash generating unit to which the intellectual property belongs. The recoverable amount of the cash generating unit is determined based on a value-in-use calculation using cash flow projections from financial budgets approved by management of the Group covering a 10-year period. The management considers that using a 10-year forecast period for financial budget in the intellectual property impairment test is appropriate because the useful lives of AngioCare's relevant intellectual property are longer than ten years, and it generally takes longer for a medical device company to reach perpetual growth mode, compared to companies in other industries, especially when its product is still under clinical trial and the market of such product is at an early stage of development with substantial growth potential. Hence, financial budgets covering a 10-year period was used as the management believes that a forecasted period longer than five years is feasible and reflects a more accurate entity value.

As at December 31, 2020 and June 30, 2021, the recoverable amount of the cash-generating unit to which the intellectual property belongs exceeds its carrying amount by RMB33,400,000 and RMB55,300,000, respectively.

Key assumptions used in the calculation are as follows:

	As at December 31, 2020	As at June 30, 2021
Revenue (% compound growth rate)	61.74%	61.72%
Gross margin (% of revenue)	60.00%	60.00%
Terminal growth rate	3.00%	3.00%
Pre-tax discount rate	20.87%	20.94%

Assumptions were used in the value in use calculation of cash-generating unit as at December 31, 2020 and June 30, 2021. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of intangible assets:

Revenue — The basis used to determine the budgeted revenue is based on management's expectation of when to launch AngioCare's product and also expectation of the future market.

Terminal growth rate — The forecasted terminal growth rate is based on management's expectations and does not exceed the long-term average growth rate for the industry relevant to the cash-generating unit.

Pre-tax discount rate — The discount rate used is before tax and reflects specific risks relating to the relevant unit.

If the pre-tax discount rate rose to 23.28%, the gross margin decreased to 55.97%, or the compound growth rate of revenue decreased to 58.67% (with other assumptions remaining unchanged), the recoverable amount of the cash-generating unit would be decreased to the carrying amount of the intellectual property. Except for these, any reasonable possible changes in the other key assumptions used in the fair value assessment model would not affect management's view on impairment at December 31, 2020.

If the pre-tax discount rate rose to 25.05%, the gross margin decreased to 53.90%, or the compound growth rate of revenue decreased to 56.81% (with other assumptions remaining unchanged), the recoverable amount of the cash-generating unit would be decreased to the carrying amount of the intellectual property. Except for these, any reasonable possible changes in the other key assumptions used in the fair value assessment model would not affect management's view on impairment at June 30, 2021.

Based on the impairment assessment conducted by the Group utilizing the above key assumptions, the recoverable amount of the cash-generating unit estimated from the cash flow forecast exceeded the carrying amount of the intellectual property and no impairment was considered necessary.

The values assigned to the key assumptions on market development of related products and pre-tax discount rate are consistent with external information sources.

19. LOANS TO DIRECTORS

Loans to Directors, disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

	At January 1, 2019	Maximum amount outstanding during the year	At December 31, 2019 and January 1, 2020	Maximum amount outstanding during the year	At December 31, 2020 and January 1, 2021	Maximum amount outstanding during the period	At June 30, 2021	Security held
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	
Mr. Philip Li Wang *(a)*	10,085	10,313	81	5,658	–	–	–	–

Note:

(a) The loans granted to Mr. Philip Li Wang are non-trade in nature, unsecured, non-interest-bearing and repayable on demand. These loans had been fully repaid as at December 31, 2020.

20. TIME DEPOSITS

The Group and the Company

	As at December 31, 2019	As at December 31, 2020	As at June 30, 2021
	RMB'000	*RMB'000*	*RMB'000*
Time deposits over three months*	–	–	226,664
Denominated in:			
US$	–	–	226,664

* Time deposits are made for varying periods of over three months but less than one year depending on the immediate cash requirements of the Group and earn interest at the respective short-term time deposit rates. The time deposits are deposited with creditworthy banks with no recent history of default.

21. CASH AND CASH EQUIVALENTS

The Group

	As at December 31, 2019	As at December 31, 2020	As at June 30, 2021
	RMB'000	*RMB'000*	*RMB'000*
Cash on hand	16	78	75
Cash at banks	20,656	453,589	166,258
Cash and cash equivalents	20,672	453,667	166,333
Denominated in:			
RMB	20,665	122,660	76,105
US$	7	331,004	90,226
SGD	–	2	1
JPY	–	1	1
Total cash and bank balances	20,672	453,667	166,333

The Company

	As at December 31, 2019	As at December 31, 2020	As at June 30, 2021
	RMB'000	*RMB'000*	*RMB'000*
Cash on hand	16	36	34
Cash at banks	20,656	445,765	157,461
Cash and cash equivalents	20,672	445,801	157,495
Denominated in:			
RMB	20,665	114,797	67,270
US$	7	331,004	90,225
Total cash and bank balances	20,672	445,801	157,495

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

22. TRADE PAYABLES

The Group

	As at December 31, 2019	As at December 31, 2020	As at June 30, 2021
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	–	10	197

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at December 31, 2019	As at December 31, 2020	As at June 30, 2021
	RMB'000	*RMB'000*	*RMB'000*
Within 3 months	–	–	187
Over 12 months	–	10	10
	–	10	197

Trade payables are non-interest-bearing and are normally settled within one month.

The Company

	As at December 31, 2019	As at December 31, 2020	As at June 30, 2021
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	–	–	187

23. OTHER PAYABLES AND ACCRUALS

The Group

	As at December 31, 2019	As at December 31, 2020	As at June 30, 2021
	RMB'000	*RMB'000*	*RMB'000*
Accruals for research and development	659	3,335	3,003
Payroll payable	322	1,360	999
Accrued listing expenses	–	7,146	9,846
Other payables	845	257	814
	1,826	12,098	14,662

Other payables are non-interest-bearing and repayable on demand.

The Company

	As at December 31, 2019	As at December 31, 2020	As at June 30, 2021
	RMB'000	*RMB'000*	*RMB'000*
Payroll payable	322	912	748
Accruals for research and development	659	778	1,017
Accrued listing expenses	–	7,146	9,846
Other payables	845	209	779
	1,826	9,045	12,390

24. DEFERRED INCOME

The Group

	As at December 31, 2019	As at December 31, 2020	As at June 30, 2021
	RMB'000	*RMB'000*	*RMB'000*
Government grants			
Current	160	523	523
Non-current	7,040	6,602	6,480
	7,200	7,125	7,003

The movements in government grants of the Group during the Relevant Periods are as follows:

	As at December 31, 2019	As at December 31, 2020	As at June 30, 2021
	RMB'000	*RMB'000*	*RMB'000*
At beginning of the year/period	7,560	7,200	7,125
Grants received during the year/period	–	240	–
Recognised as income during the year/period	(360)	(1,989)	(122)
Acquisition of a subsidiary *(note 30)*	–	1,674	–
At end of the year/period	7,200	7,125	7,003
Current	160	523	523
Non-current	7,040	6,602	6,480
	7,200	7,125	7,003

Some grants are for capital expenditure incurred for the acquisition of plant and machines. The amounts are deferred and amortised over the estimated useful lives of the respective assets. Other subsidies are generally provided in relation to the research and development activities of the Group. The grants were recognised in profit or loss as other income upon the Group complied with the conditions attached to the grants.

The Company

	As at December 31, 2019	As at December 31, 2020	As at June 30, 2021
	RMB'000	*RMB'000*	*RMB'000*
Government grants			
Current	160	187	187
Non-current	7,040	6,478	6,384
	7,200	6,665	6,571

The movements in government grants of the Company during the Relevant Periods are as follows:

	As at December 31, 2019	As at December 31, 2020	As at June 30, 2021
	RMB'000	*RMB'000*	*RMB'000*
At beginning of the year/period	7,560	7,200	6,665
Grants received during the year/period	–	240	–
Recognised as income during the year/period	(360)	(775)	(94)
At end of the year/period	7,200	6,665	6,571
Current	160	187	187
Non-current	7,040	6,478	6,384
	7,200	6,665	6,571

25. DEFERRED TAX LIABILITIES

The Group

	Fair value adjustments arising from acquisition of a subsidiary
	RMB'000
As at December 31, 2020 and June 30, 2021	20,580

26. SHARE CAPITAL/PAID-IN CAPITAL

The Company was incorporated in July 2014 with initial authorised share capital of RMB100,000 divided into 100,000 shares with par value of RMB1 each.

Paid-in capital

	Total
	RMB'000
As at January 1, 2019	23,197
Capital contribution by shareholders *(a)*	5,441
As at December 31, 2019 and January 1, 2020	28,638
Capital contribution by shareholders *(b)*	16,669
Shares issued to the employee incentive platform *(c)*	14,509
Conversion into a joint stock company *(d)*	(59,816)
As at December 31, 2020 and June 30, 2021	–

Share capital

	Total
	RMB'000
Issued and fully paid as at January 1, 2019 and January 1, 2020	–
Issue of ordinary shares upon conversion into a joint stock company *(d)*	220,000
As at December 31, 2020 and June 30, 2021	220,000

Notes:

(a) i. In February 2017, the Company entered into a share subscription agreement with Winning Forward International Limited ("Winning Forward"). Pursuant to the agreement, Winning Forward injected capital of RMB115,000 into the Company in October 2019, with RMB12,000 and RMB103,000 credited to the Company's paid-in capital and share premium, respectively.

ii. In November 2016, the Company entered into a capital increase agreement with Shanghai Xinbang Yihao Enterprise Management Consulting L.P. (上海心邦壹號企業管理諮詢合夥企業) ("Xinbang Yihao"). In October 2019, Xinbang Yihao fully injected capital of RMB3,529,000 and credited to the Company's paid-in capital.

iii. In November 2019, the Company entered into a share subscription agreement with Winning Powerful International Limited ("Winning Powerful"), Jiami Investment, Mr. Xiangdong Lyu, Qianhao Equity Investment Fund (Limited Partnership) (前海股權投資基金(有限合夥)) ("Qianhai Investment"), Shanghai Zhangjiang Technology Venture Capital Co., Ltd. (上海張江科技創業投資有限公司) ("Zhangjiang Venture"), Suzhou Chenzhide Investment L.P. (Limited Partnership) (蘇州辰知德投資合夥企業(有限合夥)) ("Suzhou Chenzhide"), Suzhou Industrial Park Xinjianyuan Phase III Venture Capital L.P. (Limited Partnership) (蘇州工業園區新建元三期創業投資企業(有限合夥)) ("Xinjianyuan Phase III"), and YuanBio Venture Capital L.P. ("YuanBio Venture") (Series B Round Financing), pursuant to which total capital of RMB68,680,000 was to be injected into the Company with RMB3,673,000 and RMB65,007,000 credited to the Company's paid-in capital and share premium, respectively. RMB35,535,000 and RMB33,145,000 were paid by those investors in 2019 and 2020 respectively.

(b) i. On September 4, 2020, the Company entered into a share subscription agreement with Mr. Philip Li Wang, Qianhai Investment, Xinjianyuan Phase III, YuanBio Venture, Suzhou Chenzhide, Magic Grace Limited ("Magic Grace"), CMV HK Limited ("CMV"), Beijing Cuiweikechuang Equity Investment Fund Center (Limited Partnership) (北京翠微科創股權投資基金中心(有限合夥)) ("Cuiweikechuang"), Zhongyuan Qianhai Equity Investment L.P. (Limited Partnership) (中原前海股權投資基金(有限合夥)) ("Zhongyuan Qianhai"), and Loyal Valley Innovation Capital (HK) Limited ("Loyal Valley") (Series C Round Financing), pursuant to which total capital of RMB291,016,000 had been injected into the Company with RMB7,629,000 and RMB283,387,000 credited to the Company's paid-in capital and share premium, respectively.

ii. On September 23, 2020, the Company entered into a share subscription agreement with Winning Powerful, TPG Asia VII SF Pte. Ltd. ("TPG"), Tibet Zhenshan, Magic Grace, Worldwide Healthcare Trust Plc ("WWH"), Loyal Valley, Suzhou Chenzhide, Mr. Philip Li Wang and other shareholders (Series D Round Financing), pursuant to which total capital of RMB394,720,000 was to be injected into the Company with approximately RMB7,267,000 and RMB387,453,000 credited to the Company's paid-in capital and share premium, respectively.

(c) i. On September 4, 2020, the Company issued new shares to the restricted shares platform BAIXIN ANTONG Investment Management Center (Limited Partnership) (上海百心安通企業管理諮詢合夥企業(有限合夥)) ("BAIXIN ANTONG"), total capital of RMB7,602,000 has been injected and credited to the Company's paid-in capital.

ii. On September 23, 2020, the Company issued new shares to the restricted shares platform BAIHATE Investment Management Center (Limited Partnership) (上海百哈特企業管理諮詢合夥企業(有限合夥)) ("BAIHATE"), total capital of RMB6,907,000 has been injected and credited to the Company's paid-in capital.

(d) On November 24, 2020, the Company converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company as of the conversion base date, including paid-in capital, share premium and accumulated losses, amounting to RMB727,354,000 were converted into 220,000,000 shares at RMB1.00 each. The excess of the net assets converted over the nominal value of the share capital was credited to the Company's share premium.

27. RESERVES

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

a) Share premium

The share premium of the Group represents the difference between the par value of the shares issued and the consideration received.

b) Share-based payment reserve

The share-based payment reserve represents the equity-settled share awards.

Company

	Share premium	Share-based payment reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2019	46,790	29,470	(76,778)	(518)
Total comprehensive loss for the year	–	–	(23,719)	(23,719)
Capital contribution by shareholders	33,738	–	–	33,738
At December 31, 2019 and January 1, 2020	80,528	29,470	(100,497)	9,501
Total comprehensive loss for the year	–	–	(297,243)	(297,243)
Capital contribution by shareholders	702,212	–	–	702,212
Equity-settled share award expense	–	268,115	–	268,115
Conversion into a joint stock company	(478,446)	–	318,262	(160,184)
At December 31, 2020 and January 1, 2021	304,294	297,585	(79,478)	522,401
Total comprehensive loss for the period	–	–	(146,677)	(146,677)
Equity-settled share award expense	–	185,966	–	185,966
At June 30, 2021	304,294	483,551	(226,155)	561,690

28. PARTIALLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiary that has material non-controlling interests is set out below:

	As at December 31, 2020	As at June 30, 2021
Percentage of equity interest held by non-controlling interests:		
AngioCare	34.31%	34.31%
	RMB'000	*RMB'000*
Loss for the year/period allocated to non-controlling interests:		
AngioCare	14,771	27,721
Accumulated balances of non-controlling interests at the reporting date:		
AngioCare	43,823	41,624

The following tables illustrate the summarised financial information (including other intangible assets and deferred tax liabilities newly recognised through business combination) of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	AngioCare
	RMB'000
Year ended December 31, 2020	
Total expenses	(44,430)
Loss for the period from the acquisition date to December 31, 2020	(43,052)
Total comprehensive loss for the period from the acquisition date to December 31, 2020	(43,052)
As at December 31, 2020	
Current assets	11,168
Non-current assets	141,755
Current liabilities	4,412
Non-current liabilities	20,784
Year ended December 31, 2020	
Net cash flows used in operating activities	(1,409)
Net cash flows from investing activities	7
Net cash flows used in financing activities	(264)
Net decrease in cash and cash equivalents	(1,666)
Six months ended June 30, 2021	
Total expenses	(80,818)
Loss for the period	(80,832)
Total comprehensive loss for the period	(80,832)
As at June 30, 2021	
Current assets	12,847
Non-current assets	141,864
Current liabilities	12,754
Non-current liabilities	20,676
Period ended June 30, 2021	
Net cash flows used in operating activities	(6,997)
Net cash flows used in investing activities	(1,533)
Net cash flows from financing activities	9,500
Net increase in cash and cash equivalents	970

29. SHARE-BASED COMPENSATION

In September 2020, the board of the Company passed a resolution to grant up to 14,509,413 restricted shares of the Company to directors, employees and founders of the Company and AngioCare ("2020 Plan"). The 2020 Plan was established for certain personnel in order to retain certain eligible employees for the continual operation and development of the Group.

Pursuant to the 2020 Plan, BAIXIN ANTONG and BAIHATE, two employee incentive platforms established in the PRC, subscribed for 7,602,683 and 6,906,730 shares of the Company at RMB1.00 per share for total consideration of RMB7,602,683 and RMB6,906,730, respectively.

Under the platforms, 3,105,696 shares were granted to Mr. Jay Qin, a former technology consultant of AngioCare with no service periods or performance target requirements, as reward of the surrender of his rights on the intellectual property rights pertaining to renal denervation developed during his tenture as a consultant of AngioCare. 380,134 shares were granted to an employee with 50% and 50% of total shares vesting on the first, and second anniversary date after the grant date and 11,023,583 shares were granted to other employees with a three-year vesting period with 33.33%, 33.33% and 33.34% of total shares vesting on the first, second and third anniversary dates after the grant date. The shares were valued by the directors of the Company with reference to Series D Round Financing price. The weighted average fair value of the shares was determined to be RMB54.41 per share as of these grant dates.

Details of granted shares are as follows:

Date of grant	Number of restricted shares	Subscription price per share
September 18, 2020 to September 28, 2020	14,509,413	RMB1.00

Set out below are details of the movements of the outstanding restricted shares granted under the 2020 Plan throughout the Relevant Periods.

	Outstanding at January 1, 2020	Granted during the year	Forfeited	Vested	Impact of conversion into a joint stock company	Outstanding at December 31, 2020
Restricted shares	–	14,509,413	–	3,105,696	30,538,274	41,941,991

	Outstanding at 1 January 2021	Granted during the period	Forfeited	Vested	Outstanding at 30 June 2021
Restricted Shares	41,941,991	–	–	–	41,941,991

During the year ended December 31, 2020 and six months ended June 30, 2021, share award expenses of RMB268,115,000 and RMB185,966,000 were charged to profit or loss, respectively.

30. BUSINESS COMBINATION

On September 10, 2020, the Company entered into a share purchase agreement with the shareholders of AngioCare to acquire 65.69% equity interests from Mr. Philip Li Wang, Mr. Jay Qin and other investors at a cash consideration of RMB229,950,000. The remaining 24.31% equity interests and 10.00% equity interests are held by TERUMO (China) Holdings Co., Ltd. and another third party investor, respectively. AngioCare was founded in 2011 and mainly engaged in the research and development of renal denervation medical devices. The acquisition was made as part of the Company's strategy to build an integrated interventional procedural device platform.

The acquisition was completed on September 21, 2020 when the Company obtained control of the operating and financial activities of AngioCare.

The purchase consideration for the acquisition was in the form of cash, with RMB229,950,000 paid by December 31, 2020.

The fair values of the identifiable assets and liabilities of AngioCare as at the date of acquisition were as follows:

	Notes	**Fair value recognised on acquisition**
		RMB'000
Cash and cash equivalents		9,533
Prepayments, other receivables and other assets		3,033
Amounts due from related parties		1,414
Property, plant and equipment	*14*	3,234
Other intangible assets	*18*	137,200
Right-of-use assets	*15*	1,394
Other payables and accruals		(2,321)
Trade payables		(10)
Deferred income	*24*	(1,674)
Lease liabilities	*15*	(1,340)
Deferred tax liabilities	*25*	(20,580)
Total identifiable net assets at fair value		129,883
Non-controlling interests		44,563
		85,320
Goodwill on acquisition	*16*	144,630
Consideration satisfied by cash		229,950

There were no trade receivables as at the date of acquisition.

Goodwill arose in the acquisition of AngioCare because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefits of research and development ability, future market development and the assembled workforce of AngioCare. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill recognised is expected to be deductible for income tax purposes.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the leases relative to market terms.

There were no outstanding employee share options or other share-based awards issued by AngioCare at the acquisition date. The management of the Company evaluated that the issue of the equity instrument of the Company to eligible employees of AngioCare and certain consultant from September 18, 2020 to September 28, 2020 as detailed in note 29 didn't constitute part of the consideration for the acquisition of AngioCare completed on September 21, 2020 and instead, was a transaction separate from the acquisition and fell into the scope of IFRS2 because (1) the equity instruments granted to the employees of AngioCare were in exchange for their continued service following the business combination and (2) the equity instruments granted to the consultant were not in his capacity as a shareholder but as reward of the surrender of his rights on the intellectual property rights pertaining to renal denervation developed during his tenture as a consultant of AngioCare.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration paid in the year ended December 31, 2020	(229,950)
Cash and cash equivalents acquired	9,533
Net outflow of cash and cash equivalents included in cash flows from investing activities	(220,417)
Transaction costs of the acquisition included in cash flows from operating activities	–
	(220,417)

Since the acquisition, AngioCare has not contributed any revenue to the Group and contributed a loss of RMB43,052,000 to the Group for the period from the date of acquisition to December 31, 2020.

Had the business combination taken place at the beginning of the year ended December 31, 2020, the loss of the Group for the year ended December 31, 2020 would have been RMB347,540,000.

31. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

In December 2020 and June 2021, the Group had non-cash additions of RMB7,146,000 and RMB2,700,000 in other payables due to the listing expenses accruals, respectively.

(b) Changes in liabilities arising from financing activities

	Lease liabilities	Amounts due to related parties — non-trade related	Accrued listing expenses included in other payables	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2019	1,960	713	–	2,673
Changes from financing cash flows	(723)	4,634	–	3,911
Interest portion of lease liabilities	86	–	–	86
At December 31, 2019 and January 1, 2020	1,323	5,347	–	6,670
Changes from financing cash flows	(1,167)	(5,347)	(3,883)	(10,397)
Changes from operating cash flows	–	–	(2,705)	(2,705)
Increase arising from acquisition of a subsidiary *(note 30)*	1,340	–	–	1,340
Interest portion of lease liabilities	56	–	–	56
COVID-19-related rent concessions	(236)	–	–	(236)
Increase in deferred listing expenses	–	–	8,273	8,273
Increase listing expenses included in administrative expenses	–	–	5,461	5,461
At December 31, 2020 and January 1, 2021	1,316	–	7,146	8,462
Changes from financing cash flows	(2,065)	–	(7,824)	(9,889)
Changes from operating cash flows	–	–	(5,395)	(5,395)
New leases entered	11,110	–	–	11,110
Interest portion of lease liabilities	227	–	–	227
Increase in deferred listing expenses	–	–	9,390	9,390
Increase listing expenses included in administrative expenses	–	–	6,529	6,529
At June 30, 2021	10,588	–	9,846	20,434
At December 31, 2019 and January 1, 2020	1,323	5,347	–	6,670
Changes from financing cash flows	(450)	(627)	–	(1,077)
Interest portion of lease liabilities	26	–	–	26
COVID-19-related rent concessions	(236)	–	–	(236)
At June 30, 2020 (unaudited)	663	4,720	–	5,383

During the Relevant Periods and the six months ended June 30, 2020, the total cash outflow for leases included in the consolidated statements of cash flows amounted to RMB729,000, RMB1,175,000, RMB2,065,000 and RMB450,000 (unaudited), respectively, among which RMB6,000, RMB8,000, nil and nil (unaudited), were within operating activities, and RMB723,000, RMB1,167,000, RMB2,065,000 and RMB450,000 (unaudited) were within financing activities.

32. COMMITMENTS

(a) The Group had the following capital commitments at the end of each of the Relevant Periods:

	As at December 31, 2019	As at December 31, 2020	As at June 30, 2021
	RMB'000	*RMB'000*	*RMB'000*
Contracted, but not provided for:			
Purchases of items of property, plant and equipment	–	2,875	9,583

(b) The Group has a lease contract that has not yet commenced as at June 30, 2021. The future lease payments for these non-cancellable lease contracts are RMB984,000 due within one year, and RMB2,773,000 due in the second to fifth years.

33. RELATED PARTY TRANSACTIONS

(a) Names and relationships

Name of related parties	Relationship with the Group
Mr. Philip Li Wang	Director
Ms. Peili Wang	Supervisor
CCRF (Beijing) Inc.*	Significantly influenced by a Director
Beijing Huilifuda Trading Co., Ltd.*	Significantly influenced by a Director
Shanghai Xinzhi Pharmaceutical Technology Co., Ltd.	Significantly influenced by Mr. Philip Li Wang
Shanghai Yiyou Trading Co., Ltd.	Significantly influenced by Mr. Philip Li Wang
AngioCare**	Significantly influenced by Mr. Philip Li Wang

* These entities were controlled by Mr. Yin Zhu, who served as a director of the Company. After Mr. Yin Zhu resigned on September 6, 2019, the Company evaluated that these entities were no longer related parties since then.

** AngioCare was significantly influenced by Mr. Philip Li Wang as Mr. Philip Li Wang was a director of AngioCare. After the acquisition in September 2020 as detailed in note 30, AngioCare became a subsidiary of the Group.

(b) Significant related party transactions

Except as disclosed elsewhere in the Historical Financial Information, the Group had the following transactions with related parties during the Relevant Periods and the six months ended June 30, 2020:

	Year ended December 31,		Six months ended June 30,	
	2019	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Purchases of services:				
CCRF (Beijing) Inc.	3,369	N/A	N/A	N/A
Beijing Huilifuda Trading Co., Ltd.	2,838	N/A	N/A	N/A
Angiocare	692	507	338	–
	6,899	507	338	–
Other income of consulting services:				
Shanghai Xinzhi Pharmaceutical Technology Co., Ltd.	47	–	–	–
Loan to a related party:				
Mr. Philip Li Wang	5,121	528	644	–
Repayments of a loan to a related party:				
Mr. Philip Li Wang	14,442	1,351	16	–
Borrowings from related parties:				
Mr. Philip Li Wang	6,810	–	–	–
Ms. Peili Wang	3,507	–	–	–
Shanghai Yiyou Trading Co., Ltd.	1,200	–	–	–
	11,517	–	–	–
Repayments of borrowings from related parties:				
Mr. Philip Li Wang	6,183	627	627	–
Ms. Peili Wang	–	4,220	–	–
Shanghai Yiyou Trading Co., Ltd.	700	500	–	–
	6,883	5,347	627	–

(c) Outstanding balances with related parties:

The Group

The Group had the following outstanding balances with related parties:

	Nature	Notes	As at December 31, 2019	As at December 31, 2020	As at June 30, 2021
			RMB'000	*RMB'000*	*RMB'000*
Amounts due from a related party:					
Mr. Philip Li Wang	non-trade	*(i)*	81	–	–
Amounts due to related parties:					
Ms. Peili Wang	non-trade	*(i)*	4,220	–	–
Shanghai Yiyou Trading Co., Ltd.	non-trade	*(i)*	500	–	–
AngioCare	trade	*(ii)*	907	N/A	N/A
			5,627	–	–

The balances with related parties are unsecured, interest-free and repayable on demand.

The Company

	Nature	Notes	As at December 31, 2019	As at December 31, 2020	As at June 30, 2021
			RMB'000	*RMB'000*	*RMB'000*
Amounts due from related parties:					
Mr. Philip Li Wang	non-trade	*(i)*	81	–	–
AngioCare	non-trade	*(iii)*	–	–	9,538
			81	–	9,538
Amounts due to related parties:					
Ms. Peili Wang	non-trade	*(i)*	4,220	–	–
Shanghai Yiyou Trading Co., Ltd.	non-trade	*(i)*	500	–	–
AngioCare	trade	*(ii)*	907	1,414	1,414
			5,627	1,414	1,414

Notes:

(i) The outstanding balances are non-trade in nature, and are unsecured, interest-free and have no fixed terms of repayment.

(ii) The outstanding balances are payables for purchase of services.

(iii) The outstanding balances are borrowings in nature, with annual interest of 4.75% and the repayment term should be no longer than 36 months.

(d) Compensation of key management personnel of the Group:

The remuneration of directors, supervisors and the chief executives of key management were as follows:

	Year ended December 31,		Six months ended June 30,	
	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Salaries, bonuses, allowances and benefits in kind	665	1,738	346	3,390
Pension scheme contributions	28	4	4	110
Equity-settled share award expense	–	86,149	–	156,971
Total compensation paid to key management personnel	693	87,891	350	160,471

Further details of directors', supervisors' and the chief executive's remuneration are set out in note 9 to the Historical Financial Information.

34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

The Group

As at December 31, 2019

Financial assets

	Financial assets at amortised cost
	RMB'000
Financial assets included in prepayments, other receivables and other assets	534
Amounts due from related parties	81
Cash and cash equivalents	20,672
	21,287

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Financial liabilities included in other payables and accruals	845
Amounts due to related parties	5,627
	6,472

As at December 31, 2020

Financial assets

	Financial assets at amortised cost
	RMB'000
Financial assets included in prepayments, other receivables and other assets	1,404
Cash and cash equivalents	453,667
	455,071

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	10
Financial liabilities included in other payables and accruals	257
	267

As at June 30, 2021

Financial assets

	Financial assets at amortised cost
	RMB'000
Financial assets included in prepayments, other receivables and other assets	1,598
Time deposits	226,664
Cash and cash equivalents	166,333
	394,595

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	197
Financial liabilities included in other payables and accruals	814
	1,011

The Company

As at December 31, 2019

Financial assets

	Financial assets at amortised cost
	RMB'000
Financial assets included in prepayments, other receivables and other assets	534
Amounts due from related parties	81
Cash and cash equivalents	20,672
	21,287

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Financial liabilities included in other payables and accruals	845
Amounts due to related parties	5,627
	6,472

As at December 31, 2020

Financial assets

	Financial assets at amortised cost
	RMB'000
Financial assets included in prepayments, other receivables and other assets	1,051
Cash and cash equivalents	445,801
	446,852

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Financial liabilities included in other payables and accruals	209

As at June 30, 2021

Financial assets

	Financial assets at amortised cost
	RMB'000
Financial assets included in prepayments, other receivables and other assets	1,234
Time deposits	226,664
Cash and cash equivalents	157,495
	385,393

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	187
Financial liabilities included in other payables and accruals	779
	966

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair values

All the carrying amounts of the Group's financial instruments are those with carrying amounts that reasonably approximate to fair values. Management has assessed that the fair values of cash and cash equivalents, financial assets included in prepayments, amount due from related parties, other receivables and other assets, trade payables, lease liabilities (in current portion), amount due to related parties and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments. The Group did not have any financial assets or liabilities, measured at fair value as at the end of each of the Relevant Periods and the six months ended June 30, 2020.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods and the six months ended 30 June 2020, the finance department analyzes the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for financial reporting.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as other receivables, amount due from related parties, amount due to related parties, trade and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the unit's functional currencies.

As at the end of each of the Relevant Periods, the Group had cash on hand, cash at banks and time deposits denominated in US$, US$1,000 (equivalent to RMB7,000), US$50,729,000 (equivalent to RMB331,003,000) and US$48,967,000 (equivalent to RMB316,890,000) at the end of each of the Relevant Periods.. The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Group's loss before tax and equity (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in the rate of foreign currency	**Increase/ (decrease) in loss before tax**	**Increase/ (decrease) in equity**
	%	*RMB'000*	*RMB'000*
31 December 2019			
If RMB weakens against US$	5	–	–
If RMB strengthens against US$	5	–	–
31 December 2020			
If RMB weakens against US$	5	16,550	16,550
If RMB strengthens against US$	5	(16,550)	(16,550)
30 June 2021			
If RMB weakens against US$	5	15,786	15,786
If RMB strengthens against US$	5	(15,786)	(15,786)

Credit risk

The Group has no significant concentrations of credit risk. The carrying amounts of cash and cash equivalents, other receivables and other assets, and amounts due from related parties included in the statements of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets.

As at the end of each of the Relevant Periods and the six months ended June 30, 2020, cash and cash equivalents were deposited in banks with high credit rating without significant credit risk.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains the level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group's financial liabilities and lease liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

The Group

	As at December 31, 2019				
	On demand	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities included in other payables and accruals	845	–	–	–	845
Amounts due to related parties	5,627	–	–	–	5,627
Lease liabilities	229	227	683	227	1,366
	6,701	227	683	227	7,838

	As at December 31, 2020				
	On demand	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	10	–	–	–	10
Financial liabilities included in other payables and accruals	257	–	–	–	257
Lease liabilities	–	482	791	80	1,353
	267	482	791	80	1,620

	As at June 30, 2021				
	On demand	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	197	–	–	–	197
Financial liabilities included in other payables and accruals	814	–	–	–	814
Lease liabilities	–	890	2,189	9,629	12,708
	1,011	890	2,189	9,629	13,719

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital as at the end of each of the Relevant Periods and the six months ended June 30, 2021.

37. EVENT AFTER THE RELEVANT PERIODS

No significant events occurred after June 30, 2021.

38. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or its subsidiaries in respect of any period subsequent to June 30, 2021.

The following is the text of a report received from our Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in the prospectus.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHANGHAI BIO-HEART BIOLOGICAL TECHNOLOGY CO., LTD. AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Shanghai AngioCare Medical Technology Co., Ltd. ("AngioCare") set out on pages IB-4 to IB-38, which comprises the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of AngioCare for the year ended December 31, 2019 and the nine months ended September 30, 2020 (the "Relevant Periods"), and the statements of financial position of AngioCare as at December 31, 2019 and September 30, 2020 and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages IB-4 to IB-38 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated December 13, 2021 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of 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' judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of AngioCare as at December 31, 2019 and September 30, 2020 and of the financial performance and cash flows of AngioCare for each of the Relevant Periods in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of AngioCare which comprises the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the nine months ended September 30, 2019 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustment to the Underlying Financial Statements as defined on page IB-4 have been made.

Dividends

We refer to Note 10 to the Historical Financial Information which states that no dividends have been paid by AngioCare in respect of the Relevant Periods.

Ernst & Young
Certified Public Accountants
Hong Kong
December 13, 2021

I HISTORICAL FINANCIAL INFORMATION

PREPARATION OF HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of AngioCare for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended December 31,	Nine months ended September 30,	
		2019	2019	2020
		RMB'000	*RMB'000 (Unaudited)*	*RMB'000*
Other income and gains	*4*	1,855	1,446	1,922
Administrative expenses		(3,230)	(2,280)	(3,595)
Research and development expenses		(9,130)	(6,856)	(6,941)
Other expenses		(81)	(67)	(1,650)
Finance costs	*6*	(108)	(80)	(68)
LOSS BEFORE TAX	*5*	(10,694)	(7,837)	(10,332)
Income tax expense	*9*	–	–	–
LOSS FOR THE YEAR/PERIOD		(10,694)	(7,837)	(10,332)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD		(10,694)	(7,837)	(10,332)
Attributable to:				
Owners of the parent		(10,694)	(7,837)	(10,332)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic and diluted (RMB)	*11*	N/A	N/A	N/A

STATEMENTS OF FINANCIAL POSITION

	Notes	As at December 31, 2019	As at September 30, 2020
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*12*	5,486	3,234
Prepayments, other receivables and other assets	*14*	339	349
Right-of-use assets	*13*	2,133	1,394
Total non-current assets		7,958	4,977
CURRENT ASSETS			
Prepayments, other receivables and other assets	*14*	2,517	2,684
Amounts due from related parties	*23*	912	1,414
Cash and cash equivalents	*15*	16,219	9,533
Total current assets		19,648	13,631
CURRENT LIABILITIES			
Trade payables	*16*	11	10
Lease liabilities	*13*	964	1,000
Other payables and accruals	*17*	3,314	2,321
Deferred income	*18*	1,256	1,256
Total current liabilities		5,545	4,587
NET CURRENT ASSETS		14,103	9,044
TOTAL ASSETS LESS CURRENT LIABILITIES		22,061	14,021
NON-CURRENT LIABILITIES			
Lease liabilities	*13*	1,092	340
Deferred income	*18*	460	418
Total non-current liabilities		1,552	758
Net assets		20,509	13,263
EQUITY			
Equity attributable to owners of the parent			
Paid-in capital	*19*	6,089	6,089
Reserves	*20*	14,420	7,174
Total equity		20,509	13,263

STATEMENTS OF CHANGES IN EQUITY

	Paid-in capital	Share premium*	Share-based payment reserve*	Accumulated losses*	Total
	RMB'000 (note 19)	*RMB'000 (note 20)*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2019	6,089	29,391	8,100	(12,377)	31,203
Loss for the year	–	–	–	(10,694)	(10,694)
Total comprehensive loss for the year	–	–	–	(10,694)	(10,694)
At December 31, 2019	6,089	29,391	8,100	(23,071)	20,509

	Paid-in capital	Share premium*	Share-based payment reserve*	Accumulated losses*	Total
	RMB'000 (note 19)	*RMB'000 (note 20)*	*RMB'000 (note 21)*	*RMB'000*	*RMB'000*
At January 1, 2020	6,089	29,391	8,100	(23,071)	20,509
Loss for the period	–	–	–	(10,332)	(10,332)
Total comprehensive loss for the period	–	–	–	(10,332)	(10,332)
Equity-settled share award	–	–	3,086	–	3,086
At September 30, 2020	6,089	29,391	11,186	(33,403)	13,263

	Paid-in capital	Share premium	Share-based payment reserve	Accumulated losses	Total
	RMB'000 (note 19)	*RMB'000 (note 20)*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2019	6,089	29,391	8,100	(12,377)	31,203
Loss for the period (Unaudited)	–	–	–	(7,837)	(7,837)
Total comprehensive loss for the period (Unaudited)	–	–	–	(7,837)	(7,837)
At September 30, 2019 (Unaudited)	6,089	29,391	8,100	(20,214)	23,366

* These reserve accounts comprise the reserves of RMB14,420,000 and RMB7,174,000 in the statements of financial position as at December 31, 2019 and September 30, 2020, respectively.

STATEMENTS OF CASH FLOWS

	Notes	Year ended December 31, 2019	Nine months ended September 30, 2019	Nine months ended September 30, 2020
		RMB'000	*RMB'000 (Unaudited)*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		(10,694)	(7,837)	(10,332)
Adjustments for:				
Finance costs	*6*	108	80	68
Government grants	*4*	(55)	(41)	(42)
Bank interest income	*4*	(217)	(174)	(61)
Depreciation of property, plant and equipment	*12*	1,091	837	692
Depreciation of right-of-use assets	*13*	983	737	739
Equity-settled share award expense	*21*	–	–	3,086
Loss on disposal of items of property, plant and equipment, net		24	24	1,607
Operating cash flows before movements in working capital		(8,760)	(6,374)	(4,243)
Increase in prepayments, other receivables and other assets		(392)	(2,620)	(177)
Decrease in amounts due from related parties		(692)	(527)	(502)
Decrease in trade payables		(1)	(1)	(1)
Increase/(decrease) in other payables and accruals		945	(1,282)	(993)
Increase in deferred income		280	280	–
Cash used in operations		(8,620)	(10,524)	(5,916)
Interest paid		–	–	–
Income tax paid		–	–	–
Net cash flows used in operating activities		(8,620)	(10,524)	(5,916)

	Notes	Year ended December 31, 2019	Nine months ended September 30, 2019	Nine months ended September 30, 2020
		RMB'000	*RMB'000 (Unaudited)*	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property, plant and equipment		–	–	(47)
Bank interest income		217	174	61
Net cash flows from investing activities		217	174	14
CASH FLOWS FROM FINANCING ACTIVITIES				
Lease payments		(1,046)	(783)	(784)
Net cash flows used in financing activities		(1,046)	(783)	(784)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(9,449)	(11,133)	(6,686)
Cash and cash equivalents at beginning of year/period	*15*	25,668	25,668	16,219
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	*15*	16,219	14,535	9,533

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Shanghai AngioCare Medical Technology Co., Ltd. ("AngioCare") is a limited liability company incorporated in the People's Republic of China ("PRC"). The registered office of AngioCare is located at Room 301, 3/F, Block 6, No. 590, Ruiqing Road, Pudong District, Shanghai, PRC.

During the Relevant Periods, AngioCare is principally engaged in the research and development of the second-generation renal denervation (RDN) system.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board ("IASB"). All IFRSs in issue at September 30, 2020 and effective for annual periods beginning on June 1, 2020, together with the relevant transitional provisions, have been early adopted by AngioCare in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information. The Historical Financial Information is presented in RMB and all values are rounded to the nearest thousand (RMB'000).

The Historical Financial Information has been prepared under the historical cost convention.

In preparing the Historical Financial Information, the directors of AngioCare have considered AngioCare's sources of liquidity and believe that adequate funding is available to fulfill AngioCare's debt obligations and capital expenditure requirements.

Accordingly, the directors of AngioCare are of the opinion that it is appropriate to prepare the Historical Financial Information on a going concern basis.

2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

AngioCare has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Historical Financial Information.

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform — Phase 2*[2]
Amendments to IFRS 3	*Reference to the Conceptual Framework*[3]
Amendments to IAS 1	*Disclosure of Accounting Policies*[4]
Amendments to IAS 8	*Definition of Accounting Estimates*[4]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[3]
Amendments to IAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*[3]
Annual Improvements to IFRSs 2018-2020	Amendments to IFRS 1, IFRS 9, IAS 41 and Illustrative Examples accompanying IFRS 16[3]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[4]
IFRS 17	*Insurance Contracts*[4]
Amendments to IFRS 17	*Insurance Contracts*[4,5]
Amendments to IFRS 16	*COVID-19 Related Rent Concessions beyond 30 June 2021*[6]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[4]

1 No mandatory effective date yet determined but available for adoption
2 Effective for annual periods beginning on or after January 1, 2021
3 Effective for annual periods beginning on or after January 1, 2022
4 Effective for annual periods beginning on or after January 1, 2023
5 As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before January 1, 2023
6 Effective for annual periods beginning on or after April 1, 2021

AngioCare is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, AngioCare considers that these new and revised IFRSs may result in changes in accounting policies and are unlikely to have a significant impact on AngioCare's results of operations and financial position.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair value measurement

AngioCare measures its financial instruments at fair value through other comprehensive income and at fair value through profit or loss at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by AngioCare. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

AngioCare uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	–	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, AngioCare determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and other non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to AngioCare if:

(a) the party is a person or a close member of that person's family and that person

  (i) has control or joint control over AngioCare;

  (ii) has significant influence over AngioCare; or

  (iii) is a member of the key management personnel of AngioCare or of a parent of AngioCare;

or

(b) the party is an entity where any of the following conditions applies:

  (i) the entity and AngioCare are members of the same group;

  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

  (iii) the entity and AngioCare 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 AngioCare or an entity related to AngioCare;

  (vi) the entity is controlled or jointly controlled by a person identified in (a);

  (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

  (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to AngioCare or to the parent of AngioCare.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, AngioCare recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Machinery	9%-18%
Office equipment	18%-30%
Motor vehicles	23%
Leasehold improvements	50%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognized is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets (other than goodwill)

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalized and deferred only when AngioCare can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

AngioCare assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

AngioCare applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. AngioCare recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At inception or on reassessment of a contract that contains a lease component and non-lease components, AngioCare adopts the practical expedient not to separate non-lease components and to account for the lease component and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

(a) Right-of-use assets

Right-of-use assets are recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	1-3 years

If ownership of the leased asset transfers to AngioCare by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by AngioCare and payments of penalties for termination of a lease, if the lease term reflects AngioCare exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, AngioCare uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

AngioCare applies the short-term lease recognition exemption to its short-term leases of buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of motor vehicles that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and AngioCare's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which AngioCare has applied the practical expedient of not adjusting the effect of a significant financing component, AngioCare initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

AngioCare's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognized on the trade date, that is, the date that AngioCare commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognised, modified or impaired.

AngioCare's financial assets at amortized cost include amounts due from related companies and deposits and other receivables included in prepayments, other receivables and other assets.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from AngioCare's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- AngioCare has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) AngioCare has transferred substantially all the risks and rewards of the asset, or (b) AngioCare has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When AngioCare has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, AngioCare continues to recognize the transferred asset to the extent of AngioCare's continuing involvement. In that case, AngioCare also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that AngioCare has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that AngioCare could be required to repay.

Impairment of financial assets

AngioCare recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that AngioCare expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At the end of each of the Relevant Periods, AngioCare assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, AngioCare compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

AngioCare considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, AngioCare may also consider a financial asset to be in default when internal or external information indicates that AngioCare is unlikely to receive the outstanding contractual amounts in full or in part before taking into account any credit enhancements held by AngioCare. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and which apply the simplified approach as detailed below.

Stage 1	–	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	–	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	–	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

AngioCare's financial liabilities include trade payables, other payables and accruals and lease liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortized cost (loans and borrowings)

After initial recognition, trade payables, amounts due to related parties, other payables and accruals and lease liabilities are subsequently measured at amortized cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or canceled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, are subject to an insignificant risk of changes in value, and form an integral part of AngioCare's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, which are not restricted as to use.

Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of each reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period, taking into consideration interpretations and practices prevailing in the country in which AngioCare operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in a subsidiary when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiary, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if AngioCare has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grants will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to AngioCare with no future related costs are recognized in profit or loss in the period in which they become receivable.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual installments and released to profit or loss by way of a reduced depreciation charge.

Other income

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Share-based payments

AngioCare operates a share award scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of AngioCare's operations. Employees (including directors) of AngioCare receive remuneration and rewards in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is measured at the market value of the shares, adjusted for the exclusion of expected dividends to be received in the vesting period, further details of which are given in note 21 to the Historical Financial Information.

The cost of equity-settled transactions is recognized in expense, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and AngioCare's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

Services are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of AngioCare's best estimate of the number of equity instruments that will ultimately vest.

For awards that do not ultimately vest because service conditions have not been met, no expense is recognized.

Other employee benefits

Pension scheme

The employees of AngioCare which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Foreign currencies

The Historical Financial Information is presented in RMB, which is AngioCare's functional currency. Foreign currency transactions recorded by AngioCare are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which AngioCare initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, AngioCare determines the transaction date for each payment or receipt of the advance consideration.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of AngioCare's Historical Financial Information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgments

In the process of applying AngioCare's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the Historical Financial Information:

Research and development expenses

Research and development expenses incurred on AngioCare's medical device product pipelines are capitalized and deferred only when AngioCare can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, AngioCare's intention to complete and AngioCare's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Research and development expenses which do not meet these criteria are expensed when incurred. Determining the amounts to be capitalized requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. All expenses incurred for research and development activities were regarded as research expenses and therefore were expensed when incurred.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Recognition of deferred tax assets

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 9 to the Historical Financial Information.

Impairment of non-financial assets (other than goodwill)

AngioCare assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	Year ended December 31,	Nine months ended September 30,	
	2019	2019	2020
	RMB'000	*RMB'000 (Unaudited)*	*RMB'000*
Other income			
Government grants*	209	195	792
Bank interest income	217	174	61
Consulting income	722	542	542
Provision of labor secondment services	692	526	507
Others	15	9	20
Other income and gains	1,855	1,446	1,922

* AngioCare has received certain government grants related to assets to investments in equipment and plant. The grants related to assets were recorded in deferred income and recognized in profit or loss over the useful lives of the relevant assets after the relevant conditions are met. Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to AngioCare with no future related costs are recognized in profit or loss in the period upon actual receipt.

5. LOSS BEFORE TAX

AngioCare's loss before tax is arrived at after charging/(crediting):

	Notes	Year ended December 31,	Nine months ended September 30,	
		2019	2019	2020
		RMB'000	*RMB'000 (Unaudited)*	*RMB'000*
Depreciation of property, plant and equipment*	*12*	1,091	837	692
Depreciation of right-of-use assets*	*13*	983	737	739
Government grants	*4*	(209)	(195)	(792)
Bank interest income	*4*	(217)	(174)	(61)
Auditor's remuneration		15	–	–
Expense relating to leases of low-value assets		5	4	4
Loss on disposal of items of property, plant and equipment		24	24	1,607
		1,692	1,233	2,189
Employee benefit expenses:				
Staff cost (excluding directors', supervisors' and chief executive's remuneration):				
– Wages and salaries		3,685	2,764	2,254
– Pension scheme contributions		298	238	20
– Equity-settled share award expense		–	–	1,363

* The depreciation of property, plant and equipment, depreciation of right-of use assets and employee benefit expenses for the Relevant Periods are included in "Administrative expenses" and "Research and development expenses" in the financial statements of profit or loss.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended December 31,	Nine months ended September 30,	
	2019	2019	2020
	RMB'000	*RMB'000 (Unaudited)*	*RMB'000*
Interest on lease liabilities *(note 13)*	108	80	68

7. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors', supervisors', and chief executive's remuneration for the Relevant Periods, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended December 31,	Nine months ended September 30,	
	2019	2019	2020
	RMB'000	*RMB'000 (Unaudited)*	*RMB'000*
Fees	–	–	–
Other emoluments:			
Salaries, allowances and benefits in kind	278	209	209
Equity-settled share award expense	–	–	1,723
	278	209	1,932

During the Relevant Periods and the nine months ended September 30, 2019, restricted shares of Shanghai Bio-heart Biological Technology Co., Ltd. ("Bioheart") were granted to Mr. Philip Li Wang to incentivize him to further promote the development of AngioCare and Bioheart, further details of which are included in the disclosures in note 26 to the Historical Financial Information of Bioheart set out in Appendix IA to the prospectus. The fair value of such awarded shares, which has been recognized in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods and the nine months ended September 30, 2019 is included in the above directors' remuneration disclosures.

Directors

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Equity-settled share award expense	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2019						
Mr. Philip Li Wang *(a)*	–	278	–	–	–	278
Ms. Morimoto Takaharu *(d)*	–	–	–	–	–	–
Mr. Jay Qin *(b)*	–	–	–	–	–	–
Mr. Ito Atsushi *(c)*	–	–	–	–	–	–
	–	278	–	–	–	278
Nine months ended September 30, 2019 (Unaudited)						
Mr. Philip Li Wang *(a)*	–	209	–	–	–	209
Ms. Morimoto Takaharu *(d)*	–	–	–	–	–	–
Mr. Jay Qin *(b)*	–	–	–	–	–	–
Mr. Ito Atsushi *(c)*	–	–	–	–	–	–
	–	209	–	–	–	209
Nine months ended September 30, 2020						
Mr. Philip Li Wang *(a)*	–	209	–	–	1,723	1,932
Ms. Morimoto Takaharu *(d)*	–	–	–	–	–	–
Mr. Jay Qin *(b)*	–	–	–	–	–	–
Mr. Quan Zhou *(e)*	–	–	–	–	–	–
Mr. Ito Atsushi *(c)*	–	–	–	–	–	–
	–	209	–	–	1,723	1,932

Notes:

(a) Mr. Philip Li Wang was also the chief executive of AngioCare during the Relevant Periods.

(b) Mr. Jay Qin resigned as a director of AngioCare with effect from September 10, 2020.

(c) Mr. Ito Atsushi resigned as a director of AngioCare with effect from January 9, 2020.

(d) Ms. Morimoto Takaharu was appointed as a director of AngioCare on January 9, 2020.

(e) Mr. Quan Zhou was appointed as a director of AngioCare on September 10, 2020.

Supervisors

There were no fees and other emoluments payable to supervisors Mr. Huijun Lu and Mr. Baolei Sun during the Relevant Periods and the nine months ended September 30, 2019.

There was no arrangement under which a director, supervisor or the chief executive waived or agreed to waive any remuneration during the Relevant Periods and the nine months ended September 30, 2019.

8. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods and the nine months ended September 30, 2019 included one, one and one director, respectively, details of whose remuneration are set out in note 7 above. Details of the remuneration for the remaining four, four and four highest paid employees who are neither a director nor chief executive of AngioCare during the Relevant Periods and the nine months ended September 30, 2019 are as follows:

	Year ended December 31,	Nine months ended September 30,	
	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
		(Unaudited)	
Salaries, bonuses, allowances and benefits in kind	857	619	411
Performance related bonuses	316	326	252
Equity-settled share award expense	–	–	330
Pension scheme contributions	93	79	5
	1,266	1,024	998

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees		
	Year ended December 31,	Nine months ended September 30,	
	2019	2019	2020
		(Unaudited)	
Nil to HK$1,000,000	4	4	4

During the Relevant Periods and the nine months ended September 30, 2019, shares were granted to three of the five highest paid employees in respect of their further services to AngioCare, further details of which are included in the disclosures in note 21 to the Historical Financial Information. The fair value of such awarded shares, which has been recognized in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods and the nine months ended September 30, 2019 is included in the above highest paid employees' remuneration disclosures.

9. INCOME TAX

AngioCare's principal applicable taxes and tax rates are as follows:

(a) In 2016, AngioCare was accredited as high and new-tech enterprises (the "HNTE Status"), effective for the three years from November 24, 2016 to November 24, 2019 by the relevant authority. However, "HNTE Status" had not been renewed successfully by the end of 2019. AngioCare was accredited as "HNTE Status" in November 2020, effective for the three years from 2020 to 2022. Therefore, pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "CIT Law"), AngioCare is subject to CIT at rates of 25%, 15% and 25% on the taxable income during the Relevant Periods and the nine months ended September 30, 2019.

(b) A reconciliation of the tax expense applicable to loss before tax at the statutory rate to the tax expense at the effective tax rate is as follows:

	Year ended December 31,	Nine months ended September 30,	
	2019	2019	2020
	RMB'000	*RMB'000 (Unaudited)*	*RMB'000*
Loss before tax	(10,694)	(7,837)	(10,332)
Tax at the statutory tax rate of 15%/25%	(2,674)	(1,959)	(1,550)
Tax effect of income that is exempt from taxation	(51)	(48)	(31)
Expenses not deductible for tax	81	57	502
Additional deductible allowance for research and development costs	(1,056)	(994)	(460)
Tax effect of deductible temporary differences not recognized	433	–	–
Reversal of deductible temporary differences previously not recognized	–	(88)	(104)
Tax losses not recognized	3,267	3,032	1,643
Tax charge at AngioCare's effective tax rate	–	–	–

Deferred tax assets have not been recognized in respect of the following items:

	As at December 31,	As at September 30,	
	2019	2019	2020
	RMB'000	*RMB'000 (Unaudited)*	*RMB'000*
Tax losses	48,045	47,101	59,000
Deductible temporary differences	2,709	625	2,017
	50,754	47,726	61,017

AngioCare has tax losses arising of RMB48,045,000, RMB59,000,000 and RMB47,101,000 (unaudited) as at the end of each of the Relevant Periods and September 30, 2019. The tax losses in the PRC can be carried forward for ten years to offset future taxable profit. The tax losses of the entity will expire in one to ten years for offsetting against taxable profits.

Deferred tax assets have not been recognized in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilized.

10. DIVIDENDS

No dividends have been paid or declared by AngioCare since its date of incorporation and up to the end of each of the Relevant Periods and the nine months ended September 30, 2019.

11. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

No loss per share information is presented as its inclusion is not considered meaningful for the purpose of this report.

12. PROPERTY, PLANT AND EQUIPMENT

	Machinery	Office equipment	Motor vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2019					
At January 1, 2019:					
Cost	10,086	196	520	314	11,116
Accumulated depreciation	(3,662)	(177)	(391)	(285)	(4,515)
Net carrying amount	6,424	19	129	29	6,601
At January 1, 2019, net of accumulated depreciation	6,424	19	129	29	6,601
Disposals	(5)	(19)	–	–	(24)
Depreciation provided during the year	(984)	–	(78)	(29)	(1,091)
At December 31, 2019, net of accumulated depreciation	5,435	–	51	–	5,486
At December 31, 2019:					
Cost	10,074	–	520	314	10,908
Accumulated depreciation	(4,639)	–	(469)	(314)	(5,422)
Net carrying amount	5,435	–	51	–	5,486

	Machinery	Office equipment	Motor vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
September 30, 2020					
At January 1, 2020:					
Cost	10,074	–	520	314	10,908
Accumulated depreciation	(4,639)	–	(469)	(314)	(5,422)
Net carrying amount	5,435	–	51	–	5,486
At January 1, 2020, net of accumulated depreciation	5,435	–	51	–	5,486
Additions	–	47	–	–	47
Disposals	(1,607)	–	–	–	(1,607)
Depreciation provided during the period	(690)	(2)	–	–	(692)
At September 30, 2020, net of accumulated depreciation	3,138	45	51	–	3,234
At September 30, 2020:					
Cost	7,119	47	520	314	8,000
Accumulated depreciation	(3,981)	(2)	(469)	(314)	(4,766)
Net carrying amount	3,138	45	51	–	3,234

13. LEASES

AngioCare as a lessee

During the Relevant Periods, AngioCare entered into certain long-term lease contracts for office premises which generally have lease terms between 1 and 3 years. Generally, AngioCare is restricted from assigning and subleasing the leased assets outside AngioCare. There is no lease contract that includes extension and termination options and variable lease payments.

(a) Right-of-use assets

The carrying amounts of AngioCare's right-of-use assets and the movements during the Relevant Periods are as follows:

	Buildings
	RMB'000
As at January 1, 2019	163
Additions	2,953
Depreciation charge	(983)
As at December 31, 2019	2,133

	Buildings
	RMB'000
As at January 1, 2020	2,133
Depreciation charge	(739)
As at September 30, 2020	1,394

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the Relevant Periods are as follows:

	Year ended December 31,	Nine months ended September 30,
	2019	**2020**
	RMB'000	*RMB'000*
Carrying amount at January 1	80	2,056
New leases	2,914	–
Accretion of interest recognized during the year/period	108	68
Payments	(1,046)	(784)
Carrying amount at the end of the year/period	2,056	1,340
Analysed into:		
Current portion	964	1,000
Non-current portion	1,092	340

The maturity analysis of lease liabilities is disclosed in note 26 to the Historical Financial Information.

(c) The amounts recognized in profit or loss in relation to leases are as follows:

	Year ended December 31,	Nine months ended September 30,
	2019	**2020**
	RMB'000	*RMB'000*
Interest on lease liabilities	108	68
Depreciation charge of right-of-use assets	983	739
Expense relating to leases of low-value assets*	5	4
Total amount recognized in profit or loss	1,096	811

* Included in "Administrative expenses" and "Research and development expenses" in the statement of profit or loss.

(d) The total cash outflow for leases is disclosed in note 22 to the Historical Financial Information.

14. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As at December 31, 2019	As at September 30, 2020
	RMB'000	*RMB'000*
Non-current:		
Rental deposits	239	249
Other deposits	100	100
	339	349
Current:		
Prepayments	2,192	2,178
Other receivables	19	–
Value-added tax recoverable	306	506
	2,517	2,684

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at the end of each of the Relevant Periods, the loss allowance was assessed to be minimal.

15. CASH AND CASH EQUIVALENTS

	As at December 31, 2019	As at September 30, 2020
	RMB'000	*RMB'000*
Cash on hand	37	44
Cash at banks	16,182	9,489
Cash and cash equivalents	16,219	9,533
Denominated in:		
RMB	16,216	9,530
SGD	2	2
JPY	1	1
Total cash and bank balances	16,219	9,533

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, AngioCare is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

16. TRADE PAYABLES

	As at December 31, 2019	As at September 30, 2020
	RMB'000	*RMB'000*
Trade payables	11	10

An aging analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at December 31, 2019	As at September 30, 2020
	RMB'000	*RMB'000*
Over 12 months	11	10
	11	10

Trade payables are non-interest-bearing and are normally settled within one month.

17. OTHER PAYABLES AND ACCRUALS

	As at December 31, 2019	As at September 30, 2020
	RMB'000	*RMB'000*
Accruals for research and development	2,709	2,017
Payroll payable	562	259
Other payables	43	45
	3,314	2,321

Other payables are non-interest-bearing and repayable on demand.

18. DEFERRED INCOME

	As at December 31, 2019	As at September 30, 2020
	RMB'000	*RMB'000*
Government grants		
Current	1,256	1,256
Non-current	460	418
	1,716	1,674

The movements in government grants of AngioCare during the Relevant Periods are as follows:

	As at December 31, 2019	As at September 30, 2020
	RMB'000	*RMB'000*
At beginning of the year/period	1,491	1,716
Grants received during the year/period	280	–
Recognized as income during the year/period	(55)	(42)
At end of the year/period	1,716	1,674
Current	1,256	1,256
Non-current	460	418
	1,716	1,674

Some grants are for capital expenditure incurred for the acquisition of plant and machines. The amounts are deferred and amortized over the estimated useful lives of the respective assets. Other subsidies are generally provided in relation to the research and development activities of AngioCare. The grants were recognized in profit or loss as other income upon AngioCare complied with the conditions attached to the grants and the government acknowledged acceptance.

19. PAID-IN CAPITAL

AngioCare was incorporated in September 2011 with initial authorized share capital of RMB4,000,000 divided into 4,000,000 shares with par value of RMB1 each.

A summary of movements in AngioCare's issued share capital is as follows:

Paid-in capital

	Total
	RMB'000
As at January 1, 2019, December 31, 2019 and September 30, 2020	6,089

Shares

	Number of shares	Nominal value of shares
		RMB'000
As at January 1, 2019, December 31, 2019, and September 30, 2020	6,088,900	6,089

20. RESERVES

The amounts of AngioCare's reserves and the movements therein for the Relevant Periods are presented in the statements of changes in equity.

a) Share premium

The share premium of AngioCare represents the difference between the par value of the shares issued and the consideration received.

b) Share-based payment reserve

The share-based payment reserve represents the equity-settled share award.

21. SHARE-BASED COMPENSATION

In September 2020, the board of the Company passed a resolution to grant up to 14,509,413 restricted shares of the Company to directors, employees and founders of the Company and AngioCare. ("2020 Plan"). Further details of which are included in the disclosures in note 28 to the Historical Financial Information of Bioheart set out in Appendix IA to the prospectus.

During the period ended September 30, 2020, share award expenses of RMB3,086,000 were charged to profit or loss of AngioCare.

22. NOTES TO THE STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the year ended December 31, 2019, AngioCare has non-cash additions to right-of-use assets of RMB2,953,000, and non-cash additions to lease liabilities of RMB2,914,000 in respect of lease arrangements for plant and office premises.

(b) Changes in liabilities arising from financing activities

	Lease liabilities
	RMB'000
At January 1, 2019	80
Changes from financing cash flows	(1,046)
Interest portion of lease liabilities	108
New lease addition	2,914
At December 31, 2019 and January 1, 2020	2,056
Changes from financing cash flows	(784)
Interest portion of lease liabilities	68
At September 30, 2020	1,340

During the Relevant Periods and the nine months ended September 30, 2019, the total cash outflow for leases included in the statements of cash flows amounted to RMB1,051,000, RMB788,000, and RMB787,000 (unaudited), respectively, among which RMB5,000, RMB4,000, and RMB4,000 (unaudited) were within operating activities, and RMB1,046,000, RMB784,000, and RMB783,000 (unaudited) were within financing activities.

23. RELATED PARTY TRANSACTIONS

(a) Names and relationships

Name	Relationship with AngioCare
Shanghai Bio-heart Biological Technology Co., Ltd.*	Significantly influenced by Mr. Philip Li Wang
Essen Technology (Beijing) Co.,Ltd.	Significantly influenced by Mr. Philip Li Wang
Shanghai Xinyou Investment Consulting Partnership (Limited Partnership)	Significantly influenced by Mr. Philip Li Wang

* On September 10, 2020, the Company entered into a share purchase agreement with the shareholders of AngioCare to acquire 65.69% equity interests from Mr. Philip Li Wang, Mr. Jay Qin and other investors at a cash consideration of RMB229,950,000. The remaining 34.31% equity interests are held by TERUMO (China) Holdings Co., Ltd. The acquisition was completed on September 21, 2020 when the Company obtained control of the operating and financial activities of AngioCare.

(b) Significant related party transactions

In addition to the transactions detailed elsewhere in the Historical Financial Information, AngioCare had the following transactions with related parties during the Relevant Periods and the nine months ended September 30, 2019:

	Year ended December 31,	Nine months ended September 30,	
	2019	2019	2020
	RMB'000	*RMB'000 (Unaudited)*	*RMB'000*
Other income of consulting services:			
Essen Technology (Beijing) Co., Ltd.	722	542	542
Provision of labor secondment services:			
Shanghai Bio-heart Biological Technology Co., Ltd.	692	526	507

(c) Outstanding balances with related parties

AngioCare had following outstanding balances with related parties:

	Nature	As at December 31, 2019	As at September 30, 2020
		RMB'000	*RMB'000*
Amounts due from related parties:			
Shanghai Xinyou Investment Consulting Partnership (Limited Partnership)	non-trade	5	–
Shanghai Bio-heart Biological Technology Co., Ltd.	trade	907	1,414
		912	1,414

The balances with related parties are unsecured, interest-free and repayable on demand.

(d) Compensation of key management personnel of AngioCare:

	Year ended December 31,	Nine months ended September 30,	
	2019	2019	2020
	RMB'000	*RMB'000 (Unaudited)*	*RMB'000*
Salaries, bonuses, allowances and benefits in kind	278	209	209
Pension scheme contributions	–	–	–
Equity-settled share award expense	–	–	1,723
Total compensation paid to key management personnel	278	209	1,932

Further details of directors', supervisors' and the chief executive's remuneration are included in note 7 to the Historical Financial Information.

24. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

As at December 31, 2019

Financial assets

	Financial assets at amortized cost
	RMB'000
Financial assets included in prepayments, other receivables and other assets	358
Amounts due from related parties	912
Cash and cash equivalents	16,219
	17,489

Financial liabilities

	Financial liabilities at amortized cost
	RMB'000
Trade payables	11
Financial liabilities included in other payables and accruals	43
Lease liabilities	2,056
	2,110

As at September 30, 2020

Financial assets

	Financial assets at amortized cost
	RMB'000
Financial assets included in prepayments, other receivables and other assets	349
Amounts due from related parties	1,414
Cash and cash equivalents	9,533
	11,296

Financial liabilities

	Financial liabilities at amortized cost
	RMB'000
Trade payables	10
Financial liabilities included in other payables and accruals	45
Lease liabilities	1,340
	1,395

25. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair values

All the carrying amounts of AngioCare's financial instruments are those with carrying amounts that reasonably approximate to fair values. Management has assessed that the fair values of cash and cash equivalents, financial assets included in prepayments, other receivables and other assets, trade payables, lease liabilities (in current portion) and financial liabilities included in other payables and accruals, approximate to their carrying amounts largely due to the short-term maturities of these instruments. The fair values of the other non-current financial liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. AngioCare did not have any financial assets or liabilities other than stated above, measured at fair value as at the end of each of the Relevant Periods.

AngioCare's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods and September 30, 2019, the finance department analyzes the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for financial reporting.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

AngioCare's principal financial instruments comprise cash and cash equivalents. The main purpose of these financial instruments is to raise finance for AngioCare's operations. AngioCare has various other financial assets and liabilities such as trade and other payables, which arise directly from its operations.

The main risks arising from AngioCare's financial instruments are credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarized below.

Credit risk

AngioCare has no significant concentrations of credit risk. The carrying amounts of cash and cash equivalents, other receivables and other assets, and amounts due from related parties included in the statements of financial position represent AngioCare's maximum exposure to credit risk in relation to its financial assets.

As at the end of each of the Relevant Periods, cash and cash equivalents were deposited in banks in high quality without significant credit risk.

Liquidity risk

In the management of liquidity risk, AngioCare monitors and maintains a level of cash and cash equivalents deemed adequate by the management of AngioCare to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of AngioCare's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

	As at December 31, 2019				
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	11	–	–	–	11
Financial liabilities included in other payables and accruals	43	–	–	–	43
Lease liabilities	–	258	791	1,126	2,175
	54	258	791	1,126	2,229

	As at September 30, 2020				
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	10	–	–	–	10
Financial liabilities included in other payables and accruals	45	–	–	–	45
Lease liabilities	–	264	782	344	1,390
	55	264	782	344	1,445

Capital management

The primary objectives of AngioCare's capital management are to safeguard AngioCare's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

AngioCare manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, AngioCare may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. AngioCare is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital as at the end of each of the Relevant Periods.

27. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by AngioCare in respect of any period subsequent to September 30, 2020.

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix IA to this prospectus, and is included herein for information purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set out in Appendix IA to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants for illustrative purposes only, and is set out here to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to owners of the parent as if the Global Offering had taken place on June 30, 2021.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group to owners of the parent had the Global Offering been completed as of June 30, 2021 or as at any future dates.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at June 30, 2021	**Estimated net proceeds from the Global Offering**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at June 30, 2021**	**Unaudited pro forma adjusted consolidated net tangible assets per Share as at June 30, 2021**	
	RMB'000 (Note 1)	*RMB'000 (Note 2)*	*RMB'000*	*RMB (Note 3)*	*HK$ (Note 4)*
Based on an Offer Price of HK$21.25 per Offer Share	425,988	371,057	797,045	3.27	3.99
Based on an Offer Price of HK$24.79 per Offer Share	425,988	437,355	863,343	3.54	4.32

Notes:

1. The consolidated net tangible assets of the Group attributable to equity holders of the Company as at June 30, 2021 was equal to the audited net assets attributable to owners of the Company as at June 30, 2021 of RMB660,745,000 after deducting other intangible assets attributable to owners of the Company of RMB90,127,000 and goodwill of RMB144,630,000 as of June 30, 2021 as set out in the Accountants' Report in Appendix IA to this prospectus.

2. The estimated net proceeds from the Global Offering are based on the estimated low end and high end offer prices of HK$21.25 or HK$24.79 per Offer Share after deducting the underwriting fees and other related expenses (excluding listing expense of approximately RMB11,990,000 which have been accounted for in the Group's consolidated statements of comprehensive loss prior to June 30, 2021) payable by the Company and do not take into account any share which may be sold and offered upon exercise of the Over-allotment Option.

3. The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 243,937,000 Shares are in issue assuming the Global Offering has been completed on June 30, 2021.

4. For the purpose of this unaudited pro forma statement of adjusted net tangible assets, the balances stated in RMB are converted into HK$ at the rate of RMB1.00 to HK$1.2205.

5. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to June 30, 2021.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from our reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus, in respect of the pro forma financial information of the Group.

Ernst & Young
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To the Directors of Shanghai Bio-heart Biological Technology Co., Ltd.

We have completed our assurance engagement to report on the compilation of pro forma financial information of Shanghai Bio-heart Biological Technology Co., Ltd. (the "Company") and its subsidiary (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as at June 30, 2021, and related notes as set out on pages II-1 to II-2 of the prospectus dated December 13, 2021 issued by the Company (the "Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Part A of Appendix II to the Prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at June 30, 2021 as if the transaction had taken place at June 30, 2021. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the six months ended 30 June 2021, on which an accountants' report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline ("AG") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong
December 13, 2021

TAXATION OF SECURITY HOLDERS

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are residents or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current effective laws and practices, and no predictions are made about changes or adjustments to relevant laws or policies, and no comments or suggestions will be made accordingly. The discussion has no intention to cover all possible tax consequences resulting from the investment in H Shares, nor does it take the specific circumstances of any particular investor into account, some of which may be subject to special regulations. Accordingly, you should consult your own tax adviser regarding the tax consequences of an investment in H Shares. The discussion is based upon laws and relevant interpretations in effect as of the date of this document, which is subject to change or adjustment and may have retrospective effect. No issues of PRC or Hong Kong taxation other than income tax, capital appreciation and profit tax, business tax/appreciation tax, stamp duty and estate duty are addressed in this discussion. Prospective investors are urged to consult their financial advisors regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

The PRC Taxation

Taxation on Dividends

Individual Investor

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》), which was latest amended on August 31, 2018 and the Implementation Provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法實施條例》), which was latest amended on December 18, 2018 (hereinafter collectively referred to as the "IIT Law"), dividends distributed by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty. 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税和防止偷漏税的安排》), 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 issued by the State Administration of Taxation (《〈內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排〉第五議定書》), which came into effect on December 6, 2019, adds a criteria for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where relevant treaty benefits, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main

purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements is subject to the requirements of PRC tax law and regulation, such as the Notice of the State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家税務總局關於執行税收協定股息條款有關問題的通知》) (Guo Shui Han [2009] No. 81).

Enterprise Investors

In accordance with the Corporate Income Tax Law of the PRC (《中華人民共和國企業所得税法》) issued by NPC on March 16, 2007, implemented on January 1, 2008 and subsequently amended on February 24, 2017 and December 29, 2018 and the Implementation Provisions of the Corporate Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》) issued by the State Council on December 6, 2007, came into effect on January 1, 2008 and amended in 2019 (hereinafter collectively referred to as the "CIT Law"), a nonresident enterprise is generally subject to a 10% corporate income tax on PRC-sourced income (including dividends received from a PRC resident enterprise), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for nonresident 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 nonresident enterprise when such payment is made or due. The Circular of the STA on Issues Relating to the Withholding and Remitting of Corporate Income Tax by PRC Resident Enterprises on Dividends Distributed to Overseas Non-Resident Enterprise Shareholders of H Shares (《國家税務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》) (Guo Shui Han [2008] No.897), which was issued and implemented by the STA 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 nonresident enterprise shareholders of H Shares. In addition, the Response to Questions on Levying Corporate Income Tax on Dividends Derived by Nonresident Enterprise from Holding Stock such as B Shares (《關於非居民企業取得B股等股票股息徵收企業所得税問題的批覆》) (Guo Shui Han [2009] No.394), which was issued by the STA and implemented on July 24, 2009, further provides that any PRC-resident enterprise 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 nonresident enterprises. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has entered into with the relevant jurisdictions, where applicable. Accordingly, payments of dividends to non-PRC enterprises (including HKSCC Nominees) will be subject to 10% withholding. 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税和防止偷漏税的安排》), 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 issued by the State Administration of Taxation (《〈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 into effect on December 6, 2019, adds a criteria for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where relevant treaty benefits, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements is subject to the requirements of PRC tax law and regulation, such as the Notice of the State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家税務總局關於執行税收協定股息條款有關問題的通知》) (Guo Shui Han [2009] No. 81).

Tax Treaties

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC are entitled to a reduction of the Chinese corporate income tax imposed on the dividends received from PRC companies. The PRC currently has entered into Avoidance of Double Taxation Treaties or Arrangements with a number of countries and regions including Hong Kong Special Administrative Region, Macau Special Administrative Region, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the corporate income tax in excess of the agreed tax rate, and the refund application is subject to approval by the Chinese tax authorities.

Taxation on Share Transfer

VAT and Local Additional Tax

Pursuant to the Notice on Fully Implementing the Pilot Reform for the Transition from Business Tax to Value-added Tax (《關於全面推開營業税改徵增值税試點的通知》) (Cai Shui [2016] No. 36) (hereinafter referred to as "Notice 36"), which was implemented on May 1, 2016, entities and individuals engaged in the services sale in the PRC are subject to VAT and "engaged in the services sale in the PRC" means that the seller or buyer of the taxable services is located in 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 revenue (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT taxpayer. However, individuals who transfer financial products are exempt from VAT. According to these regulations, if the holder is a nonresident individual, the PRC VAT is exempted from the sale or disposal of H shares; if the holder is a nonresident enterprise and the H-share buyer is an individual or entity located outside China, the holder is not necessarily required to pay the PRC VAT, but if the H-share buyer is an individual or entity located in China, the holder may be required to pay the PRC VAT. However, in view of no clear regulations, whether the non-Chinese resident enterprises are required to pay the PRC VAT for the disposal of H shares, there is still uncertainty in the interpretation and application of the

above provisions. At the same time, VAT payers are also required to pay urban maintenance and construction tax, education surtax and local education surcharge (hereinafter collectively referred to as "Local Additional Tax"), which shall usually equal to 12% of the VAT payable (if any).

Income tax

Individual Investors

According to the IIT Law, gains on the transfer of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%. Pursuant to the Circular of the MOF and the State Administration of Taxation on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《財政部、國家税務總局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. The State Administration of Taxation has not expressly stated whether it will continue to exempt tax on income of individuals from transfer of the shares of listed enterprises in the latest amended Individual Income Tax Law. However, on December 31, 2009, the 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 [2009] No. 167), which came into effect on January 1, 2010, which states that individuals' income from the transfer of listed shares obtained from the public offering of listed companies and transfer market on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restriction (as defined in the Supplementary Notice on Issues Concerning the Levy of Individual Income Tax on Individuals' Income from the Transfer of Restricted Stocks of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得税有關問題的補充通知》) (Cai Shui [2010] No. 70) jointly issued and implemented by such departments on November 10, 2010). As of the Latest Practicable Date, no aforesaid provisions have expressly provided that individual income tax shall be levied from non-Chinese resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges, and no such income tax was levied by PRC tax authorities in practice.

Enterprise Investors

In accordance with the CIT Law, a nonresident 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 nonresident 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 nonresident 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 was issued on August 6, 1998 and latest amended on January 8, 2011, and the Implementation Provisions of Provisional Regulations of the PRC on Stamp Duty (《中華人民共和國印花税暫行條例施行細則》), which came into effect on October 1, 1988, PRC stamp duty only applies to specific taxable document executed or received within the PRC, having legally binding force in the PRC and protected under the PRC laws, thus the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies shall not apply to the acquisition and disposal of H Shares by non-PRC investors outside of the PRC.

Estate Duty

As of the date of this document, no estate duty has been levied in the PRC under the PRC laws.

HONG KONG TAXATION

Taxation on Dividends

No tax is payable by any person or corporation under the laws of Hong Kong in respect of dividends paid by our Company.

Profits Tax

Hong Kong profits tax will not be payable by any Shareholders (other than Shareholders carrying on a trade, profession or business in Hong Kong and holding the Shares for trading purposes) on any capital gains made on the sale or other disposal of the Shares. Shareholders should take advice from their own professional advisers as to their particular tax position.

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

Hong Kong estate duty was abolished effective from February 11, 2006. No Hong Kong estate duty is payable by Shareholders in relation to the Shares owned by them upon death.

PRINCIPAL TAXATION OF OUR COMPANY IN THE PRC

Enterprise Income Tax

According to the EIT Law, a resident enterprise shall pay EIT on its income originating from both inside and outside PRC at an EIT rate of 25%. Foreign invested enterprises in the PRC falls into the category of resident enterprises, which shall pay EIT for the income originated from domestic and overseas sources at an EIT rate of 25%.

Value-added Tax

According to the Provisional 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 latest amended on November 19, 2017 (the "Regulations on VAT"), 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 of the PRC (the "MOF"), came into effect on December 25, 1993 and latest amended on October 28, 2011, all the taxpayers engaged in sales of goods or provision of processing, repair and maintenance labor or import of goods in China shall be subject to value-added tax. Unless specified by the Regulations on VAT, for the sales or import of goods by general taxpayers, the VAT rate shall be 17%; for provision of processing, repair and maintenance labor by taxpayers, the VAT rate shall be 17%; for export of goods by taxpayers, the VAT rate shall be nil, unless otherwise provided. According to the Circular of the Ministry of Finance and the State Administration of Foreign Exchange on Adjusting Value-added Tax Rates (《財政部、國家税務總局關於調整增值税税率的通知》), which was issued on April 4, 2018 and came into effect on May 1, 2018, where a tax payer engages in a taxable sales activity for the value-added tax purpose or imports goods, the previous applicable reduced 17% and 11% tax rates are adjusted to be 16% and 10%, respectively. According to the Announcement on Deepening Policies in relation to Value-added Tax Reform (《關於深化增值税改革有關政策的公告》) which was promulgated on March 20, 2019 and became effective on April 1, 2019, the VAT rates are reduced to 13% and 9%, respectively.

TAXATION OF OUR COMPANY IN HONG KONG

Profits Tax

Our Company will be subject to Hong Kong profits tax in respect of profits arising in or derived from Hong Kong at the current rate of 16.5%. Dividend income derived by our Company from its subsidiaries will be excluded from Hong Kong profits tax.

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. The Regulations on Foreign Exchange Control of the PRC (《中華人民共和國外匯管理條例》) (the "Foreign Exchange Control Regulations"), which was issued by the State Council on January 29, 1996 and implemented on April 1, 1996 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 such approval. Pursuant to the Foreign Exchange Control Regulations amended on January 14, 1997 and August 1, 2008, the PRC will not impose any restriction on international current payments and transfers. According to the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) (the "Settlement Regulations"), which was promulgated by the PBOC on June 20, 1996 and implemented on July 1, 1996, it removes other restrictions on convertibility of foreign exchange under current items, while imposing existing restrictions on foreign exchange transactions under capital account items.

According to the Announcement on Improving the Reform of the Renminbi Exchange Rate Formation Mechanism (《關於完善人民幣匯率形成機制改革的公告》) (the PBOC Announcement [2005] No. 16), 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. On August 5, 2008, the State Council promulgated the revised Foreign Exchange Control Regulations, which have made substantial changes to the foreign exchange supervision system of the PRC. First, it has adopted an approach of balancing the inflow and outflow of foreign exchange. Foreign exchange income received overseas can be repatriated or deposited overseas, and foreign exchange and foreign exchange settlement funds under the capital account are required to be used only for purposes as approved by the competent authorities and foreign exchange administrative authorities; second, it has improved the RMB exchange rate formation mechanism based on market supply and demand; third, in the event that international revenues and expenditure occur or may occur a material misbalance, or the national economy encounters or may encounter a severe crisis, the State may adopt necessary safeguard and control measures on international revenues and expenditure; fourth, it has enhanced the supervision and administration of foreign exchange transactions and grant extensive authorities to the SAFE to enhance its supervisory and administrative powers. According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at the designated foreign exchange bank, on the strength of valid transaction receipts and proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange (such as our Company) may, on the strength of resolutions of the board of directors or the shareholders' meeting on the distribution of profits, effect payment from foreign exchange accounts at the designated foreign exchange bank, or effect exchange and payment at the designated foreign exchange bank. According to the Decisions on Matters including Canceling and Adjusting a Batch of Administrative Approval Items (《國務院關於取消和調整一批行政審批項目等事項的決定》) (Guo Fa [2014] No. 50) which was promulgated by the State Council on October 23, 2014, it decided to cancel the approval requirement of the SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into RMB domestic accounts.

According to the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) (Hui Fa [2014] No. 54) issued by the SAFE and implemented on December 26, 2014, a domestic company shall, within 15 business days from the date of the end of its overseas listing issuance, register the overseas listing with the local branch office of State Administration of Foreign Exchange at the place of its establishment; the proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the prospectus and other disclosure documents. According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (Hui Fa [2015] No. 13), which was issued by the SAFE on February 13, 2015 and came into effect on June 1, 2015, it has canceled 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, 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 Revolutionizing and Regulating Capital Account Settlement Management Policies (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) (Hui Fa [2016] No. 16) which was promulgated by the SAFE and implemented on June 9, 2016, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjust of the SAFE in due time in accordance with international revenue and expenditure situations.

Circular 37

The Circular on Issues Concerning the Administration of Foreign Exchange in Offshore Investments and Financing and Return Investments by Domestic Residents through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) ("Circular 37") was promulgated and implemented by the SAFE on July 4, 2014. According to Circular 37, domestic residents, individuals and entities shall apply to the SAFE for registration of foreign exchange for offshore investment before making contributions to special purpose vehicles with domestic and overseas legal assets or equities. In addition, any domestic resident who is a shareholder of an overseas special purpose vehicle shall complete the registration formality of foreign exchange alteration for offshore investment with the SAFE in a timely manner in the event of any change of significant matters of such overseas special purpose vehicle such as capital increase/decrease, equity transfer or swap, merge and spin-off. The subsequent foreign exchange business (including remittance of profits and dividend) of a domestic resident who fails to comply with the registration requirements as set out in Circular 37 may be restricted. Domestic residents that have made contributions to special purpose vehicles with domestic and overseas legal assets or equities without the required registration of foreign exchange for offshore investment prior to the implementation of Circular 37 shall issue a letter of explanation to the SAFE containing

specific reasons. The SAFE shall make a post-registration following the principles of legality and rationality, and impose administrative penalties in case of suspected violation of foreign exchange control regulations. According to the Circular on Further Simplifying and Improving Policies for the Foreign Exchange Administration Applicable to Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》), which was issued by the SAFE on February 13, 2015 and came into effect on June 1, 2015, banks that have obtained financial institution identification codes from foreign exchange authorities and have connected to the Capital Account Information System with the local foreign exchange authorities may directly handle the registration under Circular 37 and the foreign exchange authorities shall indirectly regulate the foreign exchange registration of direct investment through banks.

This Appendix summarizes 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 IV-Taxation and Foreign Exchange" to this document. This Appendix also contains a summary of certain Hong Kong legal and regulatory provisions, including summaries of certain material differences between the PRC Company Law and the Companies (Winding Up and Miscellaneous Provisions) Ordinance, certain requirements of the Listing Rules and additional provisions required by the Hong Kong Stock Exchange for inclusion in the articles of association of PRC issuers. The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulatory provisions applicable to the Company. This summary is not intended to include all the information which are important to the potential investors. For discussion of laws and regulations which are relevant to the Company's business, see "Regulatory Overview" in this document.

PRC LAWS AND REGULATIONS

The PRC Legal System

The PRC legal system is based on the PRC Constitution (hereinafter referred to as the "Constitution") and is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of State Council departments, rules and regulations of local governments, laws of special administrative regions and international treaties of which the PRC government is the signatory and other regulatory documents. Court judgments do not constitute legally binding precedents, although they are used for the purposes of judicial reference and guidance. According to the Constitution and the Legislation Law of the PRC (hereinafter referred to as the "Legislation Law"), the National People's Congress (hereinafter referred to as the "NPC") and its Standing Committee are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing State organs, civil, criminal and other matters. The Standing Committee of the NPC formulates and amends the laws other than those required to be enacted by the NPC and to supplement and amend parts of the laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws. The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws. The people's congresses of the provinces, autonomous regions and municipalities and their standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people's congresses of cities divided into districts and their respective standing committees may formulate local regulations on aspects such as urban and rural construction and management, environmental protection and historical and cultural protection based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions.

Otherwise, if the law provides on the formulation of local regulations by cities divided into districts, those provisions shall prevail. Such local regulations will become enforceable after being reported to and approved by the standing committees of the people's congresses of

the relevant provinces or autonomous regions. The standing committees of the people's congresses of the provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval shall be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of the relevant provinces or autonomous regions. Where, during the examination for approval of local regulations of cities divided into districts by the standing committees of the people's congresses of the provinces or autonomous regions, conflicts are identified with the rules and regulations of the people's governments of the provinces or autonomous regions, a decision should be made to resolve the issue. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the ethnic groups in the areas concerned.

The ministries and commissions of the State Council, PBOC, NAO and the subordinate institutions with administrative functions directly under the State Council may formulate departmental rules and regulations within the permissions of their respective departments based on the laws and administrative regulations, and the decisions and orders of the State Council. Provisions of departmental rules should be the matters related to the enforcement of the laws and administrative regulations, and the decisions and orders of the State Council. The people's governments of the provinces, autonomous regions, municipalities and cities or autonomous prefectures divided into districts may formulate rules and regulations based on the laws, administrative regulations and local regulations of such provinces, autonomous regions and municipalities.

Pursuant to the Resolution of the Standing Committee of the NPC Providing an Improved Interpretation of the Law (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, in cases where the scope of provisions of laws or decrees needs to be further defined or additional stipulations need to be made, the Standing Committee of the NPC shall provide interpretations or make stipulations by means of decrees. Issues related to the application of laws in a court trial should be interpreted by the Supreme People's Court, issues related to the application of laws in a prosecution process of the procuratorate should be interpreted by the Supreme People's Procuratorate, and issues related to laws other than the above-mentioned should be interpreted by the State Council and the competent authorities. The State Council and its ministries and commissions are also vested with the power to give interpretations of the administrative regulations and departmental rules which they have promulgated. At the regional level, the power to interpret regional regulations is vested in the regional legislative and administrative authorities which promulgate such regulations.

The PRC Judicial System

Under the Constitution, the Law of Organization of the People's Court of the PRC (2018 Revision) (中華人民共和國人民法院組織法(2018修訂)) and the Law of Organization of the People's Procuratorate of the PRC (2018 Revision) (中華人民共和國人民檢察院組織法(2018 修訂)), the People's Courts of the PRC are divided into the Supreme People's Court, the local people's courts at all levels and special people's courts. The local people's courts at all levels are divided into three levels, namely the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts may set up certain people's tribunals based on the status of the region, population and cases. The Supreme People's Court shall be the highest judicial organ of the state. The Supreme People's Court shall supervise the administration of justice by the local people's courts at all levels and by the

special people's courts. The people's courts at a higher level shall supervise the judicial work of the people's courts at lower levels. The people's procuratorates of the PRC are divided into the Supreme People's Procuratorate, the local people's procuratorates at all levels, Military Procuratorates and other special people's procuratorates. The Supreme People's Procuratorate shall be the highest procuratorial organ. The Supreme People's Procuratorate shall direct the work of the local people's procuratorates at all levels and of the special people's procuratorates; the people's procuratorates at higher levels shall direct the work of those at lower levels.

The people's courts employ a two-tier appellate system, i.e., judgments or rulings of the second instance at the people's courts are final. A party may appeal against the judgment or ruling of the first instance of a local people's courts. The people's procuratorate may present a protest to the people's courts at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's courts are final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court and those of the first instance of the Supreme People's Court are final. However, if the Supreme People's Court or the people's courts at the next higher level finds any definite errors in a legally effective final judgment or ruling of the people's court at a lower level, or if the chief judge of a people's court at any level finds any definite errors in a legally effective final judgment or ruling of such court, the case can be retried according to judicial supervision procedures.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (hereinafter referred to as the "PRC Civil Procedure Law") adopted on April 9, 1991 and amended three times on October 28, 2007, August 31, 2012 and June 27, 2017 respectively, prescribes the conditions for instituting a civil action, the jurisdiction of the people's court, the procedures for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must abide by the PRC Civil Procedure Law. A civil case is generally heard by the court located in the defendant's place of domicile. The court of jurisdiction in respect of a civil action may also be chosen by explicit agreement among the parties to a contract, provided that the people's court having jurisdiction should be located at places directly connected with the disputes, such as the plaintiff's or the defendant's place of domicile, the place where the contract is executed or signed or the place where the object of the action is located. Meanwhile, such choice shall not in any circumstances contravene the regulations of differential jurisdiction and exclusive jurisdiction.

A foreign individual, a person without nationality, a foreign enterprise or a foreign organization is given the same litigation rights and obligations as a citizen, a legal person or other organizations of the PRC when initiating actions or defending against litigations at a people's court. Should a foreign court limit the litigation rights of PRC citizens or enterprises, the PRC court may apply the same limitations to the citizens or enterprises of such foreign country. A foreign individual, a person without nationality, a foreign enterprise or a foreign organization must engage a PRC lawyer in case he or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at a people's court. In accordance with the international treaties to which the PRC is a signatory or participant or according to the principle of reciprocity, a people's court and a foreign court may request each other to serve documents, conduct investigation and collect evidence and conduct other actions on its behalf. A people's court shall not accommodate any request made by a foreign court which will result in the violation of sovereignty, security or public interests of the PRC.

All parties to a civil action shall perform the legally effective judgments and rulings. If any party to a civil action refuses to abide by a judgment or ruling made by a people's court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people's court for the enforcement of the same within two years subject to application for postponed enforcement or revocation. If a party fails to satisfy within the stipulated period a judgment which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgment against such party.

Where a party requests for enforcement of an effective judgment or ruling made by a people's court, but the opposite party or his property is not within the territory of the People's Republic of China, the party may directly apply to the foreign court with jurisdiction for recognition and enforcement of the judgment or ruling, or the people's court may, in accordance with the provisions of international treaties to which the PRC is a signatory or in which the PRC is a participant or according to the principle of reciprocity, request for recognition and enforcement by the foreign court. Similarly, for an effective judgment or ruling made by a foreign court that requires recognition and enforcement by a people's court of the PRC, a party may directly apply to an intermediate people's court of the PRC with jurisdiction for recognition and enforcement of the judgment or ruling, or the foreign court may, in accordance with the provisions of international treaties to which its country and the PRC are signatories or in which its country is a participant or according to the principle of reciprocity, request for recognition and enforcement by the people's court, unless the people's court considers that the recognition or enforcement of such judgment or ruling would violate the basic legal principles of the PRC, its sovereignty or national security or would not be in social and public interest.

The Company Law of the People's Republic of China, the Special Regulations of the State Council on the Overseas Offering and the Listing of Shares by Joint Stock Limited Companies and the Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas

The Company Law of the People's Republic of China (hereinafter referred to as the "PRC Company Law") was adopted by the Standing Committee of the Eighth NPC at its Fifth Session on December 29, 1993 and came into effect on July 1, 1994. It was successively amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013 and October 26, 2018. The newly revised PRC Company Law has been implemented since October 26, 2018.

The Special Regulations of the State Council on the Overseas Offering and the Listing of Shares by Joint Stock Limited Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》) (hereinafter referred to as the "Special Regulations") were passed at the 22nd Standing Committee Meeting of the State Council on July 4, 1994 and promulgated and implemented on August 4, 1994. The Special Regulations include provisions in respect of the overseas share offering and listing of joint stock limited companies.

The Mandatory Provisions for the articles of association of Companies to be Listed Overseas (hereinafter referred to as the "Mandatory Provisions") jointly promulgated by the former Securities Commission of the State Council and the former State Commission for Restructuring the Economic System on September 29, 1994 prescribe that the provisions should be incorporated in the articles of association of joint stock limited companies to be

listed overseas stock exchanges. Accordingly, the Mandatory Provisions have been incorporated in the articles of association. References to a "company" made in this Appendix are to a joint stock limited company established under the PRC Company Law with H Shares to be issued. Set out below is a summary of the major provisions of the PRC Company Law, the Special Regulations and the Mandatory Provisions.

General

A "joint stock limited company" refers to a corporate legal person incorporated in China under the PRC Company Law with independent legal person properties and entitlements to such legal person properties. The liability of the company for its own debts is limited to the total amount of all assets it owns and the liability of its shareholders for the company is limited to the extent of the shares they subscribe for.

Incorporation

A company may be established by promotion or subscription. A company shall have a minimum of two but no more than 200 people as its promoters, over half of which must be residents within the PRC. Companies established by promotion are companies of which the registered capital is the total share capital subscribed for by all the promoters registered with the company's registration authorities. No share offering shall be made before the shares subscribed for by promoters are fully paid up. For companies established by share offering, the registered capital is the total paid-up share capital as registered with the company's registration authorities. If laws, administrative regulations and State Council decisions provide otherwise on paid-in registered capital and the minimum registered capital, a company should follow such provisions.

For companies incorporated by way of promotion, the promoters shall subscribe in writing for the shares required to be subscribed for by them and pay up their capital contributions under the articles of association. Procedures relating to the transfer of titles to non-monetary assets shall be duly completed if such assets are to be contributed as capital. Promoters who fail to pay up their capital contributions in accordance with the foregoing provisions shall assume default liabilities in accordance with the covenants set out in the promoters' agreements. After the promoters have confirmed the capital contribution under the articles of association, a board of directors and a supervisory board shall be elected and the board of directors shall apply for registration of establishment by filing the articles of association with the company registration authorities, and other documents as required by the law or administrative regulations.

Where companies are incorporated by subscription, not less than 35% of their total number of shares must be subscribed for by the promoters, unless otherwise provided by laws or administrative regulations. A promoter who offers shares to the public must publish a prospectus and prepare a subscription letter to be completed, signed and sealed by subscribers, specifying the number and amount of shares to be subscribed for and the subscribers' addresses. The subscribers shall pay up monies for the shares they subscribe for. Where a promoter is offering shares to the public, such offer shall be underwritten by security companies established under PRC law, and underwriting agreements shall be entered into. A promoter offering shares to the public shall also enter into agreements with banks in relation to the receipt of subscription monies. The receiving banks shall receive and keep in custody

the subscription monies, issue receipts to subscribers who have paid the subscription monies and is obliged to furnish evidence of receipt of those subscription monies to relevant authorities. After the subscription monies for the share issue have been paid in full, a capital verification institution established under PRC laws must be engaged to conduct a capital verification and furnish a certificate thereof. The promoters shall preside over and convene an inauguration meeting within 30 days from the date of the full payment of subscription money. The inauguration meeting shall be formed by the promoters and subscribers. Where the shares issued remain undersubscribed by the deadline stipulated in the prospectus, or where the promoter fails to convene an inauguration meeting within 30 days of the subscription monies for the shares issued being fully paid up, the subscribers may demand that the promoters refund the subscription monies so paid together with the interest at bank rates of a deposit for the same period. Within 30 days after the conclusion of the inauguration meeting, the board of directors shall apply to the company registration authority for registration of the establishment of the company. A company is formally established and has the capacity of a legal person after approval of registration has been given by the relevant company registration authority for industry and commerce and a business license has been issued.

A company's promoters shall be liable for: (1) the debts and expenses incurred in the establishment process jointly and severally if the company cannot be incorporated; (2) the subscription monies paid by the subscribers together with interest at bank rates of deposit for the same period jointly and severally if the company cannot be incorporated; and (3) the compensation of any damages suffered by the company in the course of its establishment as a result of the promoters' fault.

Share Capital

The promoters may make a capital contribution in currencies, or non-monetary assets such as in kind or intellectual property rights or land use rights which can be appraised with monetary value and transferred lawfully, except for assets which are prohibited from being contributed as capital by the laws or administrative regulations. If a capital contribution is made in non-monetary assets, a valuation of the assets contributed must be carried out pursuant to the provisions of the laws or administrative regulations on valuation without any over-valuation or under-valuation.

The issuance of shares shall be conducted in a fair and equitable manner. Each share of the same class must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. The same price per share shall be paid by any share subscriber (whether an entity or an individual). The share offering price may be equal to or greater than the nominal value of the share, but may not be less than the nominal value.

A company must obtain the approval of CSRC to offer its shares to the overseas public. The Special Regulations and the Mandatory Provisions provide that the shares issued to foreign investors and listed overseas by a company shall be in registered form, denominated in Renminbi and subscribed for in foreign currencies. Shares issued to foreign investors (including the investors from the territories of Hong Kong, Macau and Taiwan) and listed in Hong Kong are classified as H Shares, and those shares issued to investors within the PRC, other than these regions mentioned above, are known as domestic shares. Under the Special Regulations, upon approval of CSRC, a company may agree, in the underwriting agreement in

respect of an issue of H Shares, to retain not more than 15% of the aggregate number of such overseas listed foreign shares proposed to be issued in addition to the number of underwritten shares. The issuance of retained shares is deemed to be a part of this offering. Under the PRC Company Law, a company issuing registered share certificates shall maintain a shareholder registry which sets forth the following matters: (1) the name and domicile of each shareholder; (2) the number of shares held by each shareholder; (3) the serial numbers of shares held by each shareholder; and (4) the date on which each shareholder acquired the shares.

Increase in Share Capital

Pursuant to the relevant provisions of the PRC Company Law, where a company is issuing new shares, resolutions shall be passed at general meeting in accordance with the articles of association in respect of the class and amount of the new shares, the issue price of the new shares, the commencement and end dates for the issue of the new shares and the class and amount of the new shares proposed to be issued to existing shareholders.

When a company launches a public issue of new shares to the public upon the approval by CSRC, a new share offering prospectus and financial accounting report must be announced and a subscription letter must be prepared. After the new shares issued by the company has been paid up, the change must be registered with the company registration authority and a public announcement must be made accordingly. Where an increase in registered capital of a company is made by means of an issue of new shares, the subscription of new shares by shareholders shall be made in accordance with the relevant provisions on the payment of subscription monies for the establishment of a company.

Reduction of Share Capital

A company shall 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 assets; (2) the reduction of registered capital must be approved by shareholders at general meeting; (3) the company shall notify its creditors within 10 days and publish an announcement in newspapers within 30 days from the day on which the resolution approving the reduction was passed; (4) the creditors of the company are entitled to require the company to repay its debts or provide guarantees for such debts within 30 days from receipt of the notification or within 45 days from the date of the announcement if he/she/it has not received any notification; and (5) the company must apply to the company registration authority for change in registration.

Repurchase of Shares

Pursuant to the PRC Company Law, a company may not repurchase its own shares other than for the following purposes: (1) reducing its registered capital; (2) merging with other companies which hold its shares; (3) granting shares to its employees as incentives; (4) acquiring its shares at the request of its shareholders who vote in a shareholders' general meeting against a resolution regarding a merger and division; (5) utilizing the shares for conversion of listed corporate bonds which are convertible into shares; and (6) where it is necessary for the listed company to safeguard the value of the company and the interests of its shareholders. The acquisition by a company of its own shares on the grounds set out in item

(1) to (2) above shall be approved by way of a resolution of a shareholders' general meeting; the acquisition by a company of its own shares in circumstances as set out in items (3), (5) and (6) above may be approved by way of a resolution at a board meeting with two-third or more of the directors present in accordance with the provisions of the company's articles of association or the authorization of the shareholders' general meeting. Following the acquisition by a company of its own shares in accordance with these requirements, such shares shall be canceled within ten days from the date of the acquisition under the circumstance in item (1); such shares shall be transferred or canceled within six months under the circumstances in items (2) or (4); the total shares held by the Company shall not exceed 10% of the total shares issued by the Company and such shares shall be transferred or canceled within three years under the circumstances in items (3), (5) or (6).

A listed company shall perform its information disclosure obligations in accordance with the provisions of the Securities Law of People's Republic of China when acquiring its own shares. The acquisition by a listed company of its own shares in circumstances as set out in items (3), (5) and (6) of this article shall be conducted through open centralized trading. The Company shall not accept the shares of the Company as the subject of pledge.

Transfer of Shares

Shares held by shareholders may be transferred legally. Pursuant to the PRC Company Law, a shareholder should effect a transfer of his shares on a stock exchange established in accordance with laws or by any other means as required by the State Council. Registered shares may be transferred after the shareholders endorse the back of the share certificates or in other manner specified by laws and administrative regulations. Following the transfer, the company shall enter the names and addresses of the transferees into its share register. No changes of registration in the share register described above shall be effected during a period of 20 days prior to convening a shareholders' general meeting or 5 days prior to the record date for the purpose of determining entitlements to dividend distributions, unless otherwise stipulated by laws on the registration of changes in the share register of listed companies. The transfer of bearer share certificates shall become effective upon the delivery of the certificates to the transferee by the shareholder. The Mandatory Provision provides that changes due to share transfer should not be made to shareholder registry within 30 days before a shareholders' general meeting or within 5 days before the record date for the purpose of determining entitlements to dividend distributions.

Pursuant to the PRC Company Law, shares held by promoters may not be transferred within one year of the establishment of the company. Shares of the company issued prior to the public issue of shares may not be transferred within one year of the date of the company's listing on a stock exchange. Directors, supervisors and the senior management of a company shall declare to the company their shareholdings in it and changes in such shareholdings. During their terms of office, they may transfer no more than 25% of the total number of shares they hold in the company every year. They shall not transfer the shares they hold within one year from the date of the company's listing on a stock exchange, nor within six months after they leave their positions in the company. The articles of association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors, supervisors and the senior management.

Shareholders

Under the PRC Company Law, the rights of shareholders include the rights: (1) to receive a return on assets, participate in significant decision-making and select management personnel; (2) to petition the people's court to revoke any resolution passed on a shareholders' general meeting or a meeting of the board of directors that has been convened or whose voting has been conducted in violation of the laws, regulations or the articles of association, or any resolution the contents of which is in violation of the articles of association, provided that such petition shall be submitted within 60 days of the passing of such resolution; (3) to transfer the shares of the shareholders legally; (4) to attend or appoint a proxy to attend shareholders' general meetings and exercise the voting rights; (5) to inspect the articles of association, share register, counterfoil of company debentures, minutes of shareholders' general meetings, board resolutions, resolutions of the board of supervisors and financial and accounting reports, and to make suggestions or inquiries in respect of the company's operations; (6) to receive dividends in respect of the number of shares held; (7) to participate in distribution of residual properties of the company in proportion to their shareholdings upon the liquidation of the company; and (8) any other shareholders' rights provided for in laws, administrative regulations, other normative documents and the articles of association.

The obligations of shareholders 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 them and any other shareholder obligation specified in the articles of association.

Shareholders' General Meetings

The general meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law. The general meeting may exercise its powers: (1) to decide on the company's operational objectives and investment plans; (2) to elect and dismiss the directors and supervisors not being representative(s) of employees and to decide on the matters relating to the remuneration of directors and supervisors; (3) to review and approve the reports of the board of directors; (4) to review and approve the reports of the board of supervisors or the reports of the supervisors; (5) to review and approve the company's annual financial budgets proposals and final accounts proposals; (6) to review and approve the company's profit distribution proposals and loss recovery proposals; (7) to decide on any increase or reduction of the company's registered capital; (8) to decide on the issue of corporate bonds; (9) to decide on merger, division, dissolution and liquidation of the company or change of its corporate form; (10) to amend the company's articles of association; and (11) to exercise any other authority stipulated in the articles of association.

Pursuant to the PRC Company Law and the Mandatory Provisions, a shareholders' general meeting is required to be held once every year within six months after the end of the previous accounting year. An extraordinary general meeting is required to be held within two months upon the occurrence of any of the following: (1) the number of directors is less than the number required by law or less than two-thirds of the number specified in the articles of association; (2) the total outstanding losses of the company amounted to one-third of the company's total paid-in share capital; (3) shareholders individually or in aggregate holding 10% or more of the company's shares request to convene an extraordinary general meeting;

(4) the board deems necessary; (5) the board of supervisors so proposes; or (6) any other circumstances as provided for in the articles of association.

A shareholders' general meeting shall be convened by the board of directors and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or is not performing his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or is not performing his duties, a director recommended by half or more of the directors shall preside over the meeting. Where the board of directors is incapable of performing or is not performing its duties, the board of supervisors shall convene and preside over the shareholders' general meeting in a timely manner. If the board of supervisors fails to convene and preside over the shareholders' general meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for 90 days or more consecutively may unilaterally convene and preside over the shareholders' general meeting.

In accordance with the PRC Company Law, a notice of the general meeting stating the date and venue of the meeting and the matters to be considered at the meeting shall be given to all shareholders 20 days prior to the meeting. A notice of extraordinary general meeting shall be given to all shareholders 15 days prior to the meeting. For the issuance of bearer share certificates, the time and venue of and matters to be considered at the meeting shall be announced 30 days prior to the meeting. A single shareholder who holds, or several shareholders who jointly hold, more than three percent of the shares of the company may submit an interim proposal in writing to the board of directors within ten days before the general meeting. The board of directors shall notify other shareholders within two days upon receipt of the proposal, and submit the interim proposal to the general meeting for deliberation. The contents of the interim proposal shall fall within the scope of powers of the general meeting, and the proposal shall provide clear agenda and specific matters for a resolution is to be made. A general meeting shall not make any resolution in respect of any matter not set out in the notices. Holders of bearer share certificates who intend to attend a general meeting shall deposit their share certificates with the company during the time from five days before the meeting to the conclusion of the meeting.

In accordance with the Mandatory Provisions, a written notice of the general meeting stating, among other things, matters to be considered at the meeting as well as the time and venue of the meeting shall be given to all shareholders 45 days before the meeting. A shareholder who intends to attend the meeting shall deliver his written reply regarding his attendance of the meeting to the company 20 days before the date of the meeting.

There is no specific provision in the PRC Company Law regarding the number of shareholders constituting a quorum in a shareholders' general meeting, although the Special Regulations and the Mandatory Provisions provide that a company's general meeting may be convened when written replies to the notice of that meeting from shareholders holding shares representing no less than 50% of the voting rights in the company have been received 20 days before the proposed date. If that 50% level is not achieved, the company shall notify shareholders again within five days by announcement of the matters to be considered at the meeting as well as the date and venue of the meeting, and the general meeting may be held by the company thereafter.

Pursuant to the PRC Company Law, shareholders present at a shareholders' general meeting have one vote for each share they hold, save that the Company's shares held by the company are not entitled to any voting rights.

An accumulative voting system may be adopted for the election of directors and supervisors at the general meeting pursuant to the provisions of the articles of association or a resolution of the general meeting. Under the accumulative voting system, each share shall be entitled to the number of votes equivalent to the number of directors or supervisors to be elected at the general meeting, and shareholders may consolidate their votes for one or more directors or supervisors when casting a vote.

Pursuant to the PRC Company Law, resolutions of the general meeting must be passed by more than half of the voting rights held by shareholders present at the meeting, with the exception of resolutions relating to merger, division or dissolution of the company, increase or reduction of registered share capital, change of corporate form or amendments to the articles of association, in each case of which must be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting. Where the PRC Company Law and the articles of association provide that the transfer or acquisition of significant assets or the provision of external guarantees by the company and such other matters must be approved by way of resolution of the general meeting, the board of directors shall convene a shareholders' general meeting promptly to vote on such matters. A shareholder may entrust a proxy to attend the general meeting on his/her behalf. The proxy shall present the shareholders' power of attorney to the company and exercise voting rights within the scope of authorization. Minutes shall be prepared in respect of matters considered at the general meeting and the chairperson and directors attending the meeting shall endorse such minutes by signature. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Pursuant to the Mandatory Provisions, the increase or reduction of share capital, the issuance of shares of any class, warrants or other similar securities and bonds, the division, merger, dissolution and liquidation of the company, the amendments to the articles of association and any other matters, which, as resolved by way of an ordinary resolution of the general meeting, may have a material impact on the company and require adoption by way of a special resolution, must be approved through special resolutions by more than two-thirds of the voting rights held by shareholders (including his/her proxies) present at the meeting.

The Mandatory Provisions require a special resolution to be passed at the general meeting and a class meeting to be held in the event of a variation or derogation of the class rights of a shareholder class. For this purpose, holders of domestic shares and H shares are deemed to be shareholders of different classes.

Board of Directors

A company shall have a board of directors, which shall consist of 5 to 19 members. Members of the board of directors may include staff representatives, who shall be democratically elected by the company's staff at a staff representative assembly, general staff meeting or otherwise. The term of a director shall be stipulated in the articles of association, provided that no term of office shall last for more than three years. A director may serve consecutive terms if re-elected. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations and the articles of association until a duly reelected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of director results in the number of directors being less than the quorum.

Under the PRC Company Law, the board of directors may exercise its powers: (1) to convene shareholders' general meetings and report on its work to the shareholders' general meetings; (2) to implement the resolutions passed by the shareholders at the shareholders' general meetings; (3) to decide on the company's operational plans and investment proposals; (4) to formulate proposal for the company's annual financial budgets and final accounts; (5) to formulate the company's profit distribution proposals and loss recovery proposals; (6) to formulate proposals for the increase or reduction of the company's registered capital and the issue of corporate bonds; (7) to formulate proposals for the merger, division or dissolution of the company or change of corporate form; (8) to decide on the setup of the company's internal management organs; (9) to appoint or dismiss the company's manager and decide on his/her remuneration and, based on the manager's recommendation, to appoint or dismiss any deputy general manager and financial officer of the company and to decide on their remunerations; (10) to formulate the company's basic management system; and (11) to exercise any other authority stipulated in the articles of association.

Meetings of the board of directors shall be convened at least twice each year. Notices of meeting shall be given to all directors and supervisors ten days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of the voting rights, more than one-third of the directors or the supervisory board. The chairman shall convene the meeting within ten days of receiving such proposal and preside over the meeting. The board of directors may otherwise determine the means and the period of notice for convening an interim board meeting. Meetings of the board of directors shall be held only if more than half of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for a resolution to be approved by the board. Directors shall attend board meetings in person. If a director is unable to attend for any reason, he/she may appoint another director to attend the meeting on his/her behalf by a written power of attorney specifying the scope of authorization. Meanwhile, the board of directors shall keep minutes of resolutions passed at board meetings. The minutes shall be signed by the directors present at the meeting.

If a resolution of the board of directors violates the laws, administrative regulations or the articles of association or resolutions of the general meeting, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director shall be relieved from that liability.

Under the PRC Company Law, the following person may not serve as a director in a company: (1) a person who is unable or has limited ability to undertake any civil liabilities; (2) a person who has been convicted of an offense of corruption, bribery, embezzlement, misappropriation of property or destruction of the socialist economic order, or who has been deprived of his political rights due to his crimes, in each case where less than five years have elapsed since the date of completion of the sentence; (3) a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise; (4) a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law or has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation; and (5) a person who is liable for a relatively large amount of debts that are overdue.

Where a company elects or appoints a director to which any of the above circumstances, such election or appointment shall be null and void. A director to which any of the above circumstances applies during his/her term of office shall be released of his/her duties by the company.

In addition, the Mandatory Provisions further provide other circumstances under which a person is disqualified from acting as a director of a company, including: (1) the person is under investigation by the judicial authorities after a claim has been brought for violating the criminal law, pending conclusion of the case; (2) the person is not eligible for enterprise leadership under the laws and administrative regulations; (3) the person is not a natural person; and (4) no more than five years have lapsed since the person was found guilty of violating relevant securities regulations and involved in fraud or dishonesty as adjudged by relevant regulatory authorities.

Under the PRC Company Law, the board shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman shall be elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and review the implementation of board resolutions. The vice chairman shall assist the chairman to perform his/her duties. Where the chairman is incapable of performing, or is not performing his/her duties, the duties shall be performed by the vice chairman. Where the vice chairman is incapable of performing, or is not performing his/her duties, a director jointly elected by more than half of the directors shall perform his/her duties.

Supervisory Board

A company shall have a supervisory board composed of not less than three members. The supervisory board shall consist of representatives of the shareholders and an appropriate proportion of representatives of the company's staff, among which the proportion of representatives of the company's staff shall not be less than one-third, and the actual proportion shall be determined in the articles of association. Representatives of the company's staff at the supervisory board shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The supervisory board shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the supervisory board shall be elected by more than half of all the supervisors. Directors and senior management members shall not act concurrently as supervisors.

According to the Reply of the Overseas Listing Department of CSRC and the Production System Department of the State Commission for Restructuring the Economic System on Opinions Concerning the Supplement and Amendment to Articles of Association by Companies to Be Listed in Hong Kong (《中國證監會海外上市部、國家體改委生產體制司關於到香港上市公司對公司章程作補充修改的意見的函》), the chairman of the supervisory board shall be selected by more than two-thirds of all the supervisors. Directors and senior management members shall not act concurrently as supervisors.

The chairman of the supervisory board shall convene and preside over supervisory board meetings. Where the chairman of the supervisory board is incapable of performing, or is not performing his/her duties, the vice chairman of the supervisory board shall convene and preside over supervisory board meetings. Where the vice chairman of the supervisory board is incapable of performing, or is not performing his/her duties, a supervisor elected by more than half of the supervisors shall convene and preside over supervisory board meetings.

Each term of office of a supervisor is three years and he/she may serve consecutive terms if re-elected. A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of supervisor results in the number of supervisors being less than the quorum. The supervisory board may exercise its powers: (1) to review the company's financial position; (2) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the articles of association or resolutions of the shareholders' general meetings; (3) when the acts of a director or a senior management personnel are detrimental to the company's interests, to require the director and senior management to correct these acts; (4) to propose the convening of extraordinary shareholders' general meetings and to convene and preside over shareholders' general meetings when the board fails to perform the duty of convening and presiding over shareholders' general meetings under the PRC Company Law; (5) to submit proposals to the shareholders' general meetings; (6) to bring actions against directors and senior management personnel pursuant to the relevant provisions of the PRC Company Law; and (7) to exercise any other authority stipulated in the articles of association.

Supervisors may be present at board meetings and make inquiries or proposals in respect of the resolutions of the board. The supervisory board may investigate any irregularities identified in the operation of the company and, when necessary, may engage an accounting firm to assist its work at the cost of the company.

Manager and Senior Management

Under the relevant requirements of the PRC Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. Meanwhile, under the relevant requirements of the Mandatory Provisions, the manager, who reports to the board of directors, may exercise his/her powers: (1) to manage the production and operation and administration of the company and arrange for the implementation of the resolutions of the board of directors; (2) to arrange for the implementation of the company's annual operation plans and investment proposals; (3) to formulate proposals for the establishment of the company's internal management organs; (4) to formulate the fundamental management system of the company; (5) to formulate the company's specific rules and regulations; (6) to recommend the appointment or dismissal of any deputy manager and any financial officer of the company; (7) to appoint or dismiss management personnel (other than those required to be appointed or dismissed by the board of directors); and (8) to exercise any other authority granted by the board of directors. Other provisions in the articles of association on the manager's powers shall also be complied with. The manager shall be present at meetings of the board of directors. However, the manager shall have no voting rights at meetings of the board of directors unless he/she concurrently serves as a director. According to the PRC Company Law, senior management refers to manager, deputy manager, financial officer, secretary to the board of a listed company and other personnel stipulated in the articles of association.

Duties of Directors, Supervisors, General Managers and Other Senior Management

Directors, supervisors and senior management are required under the PRC Company Law to comply with the relevant laws, administrative regulations and the articles of association,

and shall be obliged to be faithful and diligent towards the Company. Directors, supervisors and management personnel are prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the company's property. Furthermore, directors and senior management are prohibited from: (1) misappropriating company funds; (2) depositing company funds into accounts under their own names or the names of other individuals; (3) loaning company funds to others or providing guarantees in favor of others supported by company's property in violation of the articles of association or without approval of the general meeting or the board of directors; (4) entering into contracts or transactions with the company in violation of the articles of association or without approval of the general meeting; (5) using their position to procure business opportunities for themselves or others that should have otherwise been available to the company or operating businesses similar to that of the company for their own benefits or on behalf of others without approval of the general meeting; (6) accepting for their own benefit commissions from a third party for transactions conducted with the company; (7) unauthorized divulgence of confidential information of the company; and (8) other acts in violation of their duty of loyalty to the company. Income generated by directors or senior management in violation of aforementioned shall be returned to the company.

A director, supervisor or senior management who contravenes law, administrative regulation or the articles of association in the performance of his/her duties resulting in any loss to the company shall be liable to the company for compensation.

Where a director, supervisor or senior management is required to attend a shareholders' general meeting, such director, supervisor or senior management shall attend the meeting and answer the inquiries from shareholders. Directors and senior management shall furnish all true information and data to the supervisory board, without impeding the discharge of duties by the supervisory board or supervisors.

Where a director or senior management contravenes laws, administrative regulations or the articles of association in the performance of his/her duties resulting in any loss to the company, shareholder(s) holding individually or in aggregate more than 1% of the company's shares consecutively for more than 180 days may request in writing that the supervisory board institute litigation at the people's court. Where the supervisory violates the laws or administrative regulations or the articles of association in the discharge of its duties resulting in any loss to the company, such shareholder(s) may request in writing that the board of directors institute litigation at the people's court on its behalf. If the supervisory board or the board of directors refuses to institute litigation after receiving this written request from the shareholder(s), or fails to institute litigation within 30 days of the date of receiving the request, or in case of emergency where failure to institute litigation immediately will result in irrecoverable damage to the company's interests, such shareholder(s) shall have the power to institute litigation directly at the people's court in its own name for the company's benefit. For other parties who infringe the lawful interests of the company resulting in loss to the company, such shareholder(s) may institute litigation at the people's court in accordance with the procedure described above. Where a director or senior management contravenes any laws, administrative regulations or the articles of association in infringement of shareholders' interests, a shareholder may also institute litigation at the people's court.

The Special Regulations and the Mandatory Provisions provide that a company's directors, supervisors, manager and other senior management shall have duty of good faith to the company. They are required to faithfully perform their duties, to protect the interests of the company and not to use their positions in the company for their own benefits. The Mandatory Provisions contain detailed stipulations on these duties.

Finance and Accounting

Under the PRC Company Law, A company shall establish its own financial and accounting systems according to the laws, administrative regulations and the regulations of the competent financial departments under the State Council. At the end of each accounting year, a company shall prepare a financial report which shall be audited by an accounting firm in accordance with laws. The financial and accounting reports shall be prepared in accordance with laws, administrative regulations and the regulations of the financial departments under the State Council. The company's financial and accounting reports shall be made available for shareholders' inspection at the company within 20 days before the convening of an annual general meeting. A joint stock limited company that makes public stock offerings shall announce its financial and accounting reports.

When distributing each year's profits after taxation, the company shall set aside 10% of its profits after taxation for the company's statutory common reserve fund until the fund has reached more than 50% of the PRC company's registered capital. When the company's statutory common reserve fund is insufficient to make up for the company's losses for the previous years, the current year's profits shall first be used to make up the losses before any allocation is set aside for the statutory common reserve fund. After the company has made allocations to the statutory common reserve fund from its profits after taxation, it may, upon passing a resolution at a shareholders' general meeting, make further allocations from its profits after taxation to the discretionary common reserve fund. After the company has made up its losses and made allocations to its discretionary common reserve fund, the remaining profits after taxation shall be distributed in proportion to the number of shares held by the shareholders, except for those which are not distributed in a proportionate manner as provided by the articles of association.

Profits distributed to shareholders by a resolution of a shareholders' general meeting or the board of directors before losses have been made up and allocations have been made to the statutory common reserve fund in violation of the requirements described above must be returned to the company. The company shall not be entitled to any distribution of profits in respect of its own shares held by it.

The premium over the nominal value per share of the company on issue and other income as required by relevant governmental department to be treated as the capital reserve fund shall be accounted for as the capital reserve fund. The common reserve fund of a company shall be applied to make up the company's losses, expand its business operations or increase its capital. The capital reserve fund, however, shall not be used to make up the company's losses. Upon the transfer of the statutory common reserve fund into capital, the balance of the fund shall not be less than 25% of the registered capital of the company before such transfer. The company shall have no accounting books other than the statutory books. The company's assets shall not be deposited in any account opened under the name of an individual.

Appointment and Dismissal of Auditors

Pursuant to the PRC Company Law, the engagement or dismissal of an accounting firm responsible for the company's auditing shall be determined by a shareholders' general meeting or the board of directors in accordance with the articles of association. The accounting firm should be allowed to make representations when the general meeting or the board of directors conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of data.

The Special Regulations require a company to engage an independent qualified accounting firm to audit the company's annual reports and to review and check other financial reports of the company. The accounting firm's term of office shall commence from the end of the shareholders' annual general meeting to the end of the next shareholders' annual general meeting.

Profit Distribution

According to the PRC Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve fund is provided. Additionally, the Special Regulations require that any dividend and other distribution to shareholders of H Shares shall be declared and calculated in RMB and paid in foreign currency. Under the Mandatory Provisions, a company shall make foreign currency payments to shareholders through receiving agents.

Amendments to the Articles of Association

Pursuant to PRC Company Law, the resolution of a shareholders' general meeting regarding any amendment to a company's articles of association requires affirmative votes by more than two-thirds of the votes held by shareholders attending the meeting. Pursuant to the Mandatory Provisions, the company may amend its articles of association according to the laws, administrative regulations and the articles of association. The amendment to articles of association involving content of the Mandatory Provisions will only be effective upon approval of the department in charge of company examination authorized by the State Council and approval of the securities regulatory department under by the State Council, while the amendment to articles of association involving matters of company registration must be registered with the relevant authority in accordance with laws.

Dissolution and Liquidation

Under the PRC Company Law, a company shall be dissolved for any of the following reasons: (1) the term of its operation set out in the articles of association has expired or other events of dissolution specified in the articles of association have occurred; (2) the shareholders have resolved at a shareholders' general meeting to dissolve the company; (3) the company shall be dissolved by reason of its merger or division; (4) the business license of the company is revoked or the company is ordered to close down or to be dissolved in accordance with the laws; or (5) the company is dissolved by the people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of

all shareholders of the company, on the grounds that the operation and management of the company has suffered serious difficulties that cannot be resolved through other means, rendering ongoing existence of the company a cause for significant losses to the shareholders' interests.

In the event of paragraph (1) above, the company may carry on its existence by amending its articles of association. The amendments to the articles of association in accordance with the provisions described above shall require the approval of more than two-thirds of voting rights of shareholders attending a shareholders' general meeting.

Where the company is dissolved under the circumstances set forth in paragraph (1), (2), (4) or (5) above, it should establish a liquidation committee within 15 days of the date on which the dissolution matter occurs. The liquidation committee shall be composed of directors or any other person determined by a shareholders' general meeting. If a liquidation committee is not established within the stipulated period, the company's creditors can apply to the people's court for setting up a liquidation committee with designated relevant personnel to conduct the liquidation. The people's court should accept such application and form a liquidation committee to conduct liquidation in a timely manner.

The sort out committee may exercise following powers during the liquidation: (1) to sort out the company's assets and to prepare a balance sheet and an inventory of assets; (2) to notify the company's creditors or publish announcements; (3) to deal with any outstanding business related to the liquidation; (4) to pay any overdue tax together with any tax arising during the liquidation process; (5) to settle the company's claims and liabilities; (6) to handle the company's remaining assets after its debts have been paid off; and (7) to represent the company in any civil procedures.

The liquidation committee shall notify the company's creditors within ten days of its establishment, and publish an announcement in newspapers within 60 days. A creditor shall lodge his claim with the liquidation committee within 30 days of receipt of the notification or within 45 days of the date of the announcement if he has not received any notification.

A creditor shall report all matters relevant to his claimed creditor's rights and furnish relevant evidence. The liquidation committee shall register such creditor's rights. The liquidation committee shall not make any settlement to creditors during the period of the claim. Upon disposal of the company's property and preparation of the required balance sheet and inventory of assets, the liquidation committee shall draw up a liquidation plan and submit this plan to a shareholders' general meeting or a people's court for endorsement. The remaining part of the company's assets, after payment of liquidation expenses, employee wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to shares held by them. The company shall continue to exist during the liquidation period, although it cannot conduct operating activities that are not related to the liquidation. The company's property shall not be distributed to shareholders before repayments are made in accordance with the requirements described above.

Upon liquidation of the company's property and preparation of the required balance sheet and inventory of assets, if the liquidation committee becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to a people's court for a

declaration of bankruptcy in accordance with the laws. Following such declaration by the people's court, the liquidation committee shall hand over the administration of the liquidation to the people's court.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report and submit it to the shareholders' general meeting or the people's court for verification, and to the company registration authority for the cancelation of company registration, and an announcement of its termination shall be published. Members of the liquidation committee shall be faithful in the discharge of their duties and shall perform their liquidation duties in compliance with laws. Members of the liquidation committee shall be prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the company's properties. Members of the liquidation committee who have caused the company or its creditors to suffer from any loss due to intentional fault or gross negligence, should be liable for making compensations to the company or its creditors. In addition, liquidation of a company declared bankrupt according to laws shall be processed in accordance with the laws on corporate bankruptcy.

Overseas Listing

The shares of a company shall only be listed overseas after obtaining approval from CSRC, and the listing must be arranged in accordance with procedures specified by the State Council. Pursuant to the Special Regulations, a company may issue shares to overseas investors and list its shares overseas upon approval from CSRC. Subject to approval of the company's plans to issue overseas-listed foreign shares and domestic shares by CSRC, the board of directors of the company may make arrangement to implement such plans for issuance of shares, respectively, within fifteen months from the date of approval by CSRC. In addition, if a company fails to issue all the shares as planned in one issue, it is not allowed to issue new shares not covered by the plan. If a company needs to adjust the issue plan, the shareholders' general meeting shall adopt a resolution for the examination by the company examination and approval department authorized by the State Council and the approval by the Securities Committee of the State Council.

Loss of Share Certificates

A shareholder may, in accordance with the public notice procedures set out in the PRC Civil Procedure Law, apply to a people's court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After the people's court declares that such certificate(s) will no longer be valid, the shareholder may apply to the company for the issue of a replacement certificate(s). A separate procedure regarding the loss of share certificates and H Share certificates of the overseas-listed foreign shareholders of the PRC is provided for in the Mandatory Provisions, details of which are set out in the articles of association.

Merger and Division

Under the PRC Company Law, a merger agreement shall be signed by merging companies and the involved companies shall prepare respective balance sheets and inventory of assets. The companies shall within 10 days of the date of passing the resolution approving the merger notify their respective creditors and publicly announce the merger in Newspapers

within 30 days. A creditor may, within 30 days from the date of reception of the notification, or within 45 days from the date of the announcement if he has not received such notification, request the company to settle any outstanding debts or provide corresponding guarantees.

In case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company. In case of a division, the company's assets shall be divided and a balance sheet and an inventory of assets shall be prepared. When a resolution regarding the company's division is approved, the company should notify all its creditors within ten days of the date of passing such resolution and publicly announce the division in newspapers within 30 days. Unless an agreement in writing is reached with creditors before the company's division in respect of the settlement of debts, the liabilities of the company which have accrued prior to the division shall be jointly borne by the divided companies.

Changes in the registration as a result of the merger or division shall be registered with the relevant administration authority for industry and commerce.

The PRC Securities Laws, Regulations and Regulatory Regimes

The PRC has promulgated a series 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 CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities related institutions in the PRC and administering CSRC. CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions governing securities markets, supervising securities companies, regulating public offerings of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the Securities Committee and CSRC and reformed CSRC.

On April 22, 1993, the State Council promulgated the Provisional Regulations Concerning the Issue and Trading of Shares (《股票發行與交易管理暫行條例》) govern the application and approval procedures for public offerings of shares, issuing of and trading of shares, the acquisition of listed companies, deposit, clearing and transfer of shares, the disclosure of information, investigation, penalties and dispute resolutions with respect to a listed company.

On December 25, 1995, the State Council promulgated the Special Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的特別規定》). These regulations principally govern the issue, subscription, trading and declaration of dividends and other distributions of domestic listed foreign shares and disclosure of information of joint stock limited companies having domestic listed foreign shares.

The PRC Securities Law (《中華人民共和國證券法》) (the "Securities Law") took effect on July 1, 1999 and was revised as of August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014 and December 28, 2019, respectively. The latest Securities Law was implemented on March 1, 2020. It was the first national securities law in the PRC, and is divided into 14 chapters and 226 articles comprehensively regulating activities in the PRC

securities market, including the issue and trading of securities, takeovers by listed companies and the duties and responsibilities of the securities exchanges, securities companies, securities clearing institutions and securities regulatory authorities. Article 224 of the PRC Securities Law provides that domestic enterprises shall satisfy the relevant requirements of the State Council when it issues shares or lists shares outside the PRC directly or indirectly. Currently, the issue and trading of foreign issued securities (including shares) are principally governed by the regulations and rules promulgated by the State Council and CSRC.

Arbitration and Enforcement of Arbitral Awards

The Arbitration Law of the PRC (2017 Amendment) (《中華人民共和國仲裁法(2017修正)》) (the "PRC Arbitration Law") was enacted by the Standing Committee of the NPC on August 31, 1994, which became effective on September 1, 1995 and was amended on August 27, 2009 and September 1, 2017. It is applicable to, among other matters, economic disputes involving foreign parties where all parties have entered into a written agreement to resolve disputes by arbitration before an arbitration committee constituted in accordance with the PRC Arbitration Law. The PRC Arbitration Law provides that an arbitration committee may, before the promulgation of arbitration regulations by the PRC Arbitration Association, formulate interim arbitration provisions in accordance with the PRC Arbitration Law and the PRC Civil Procedure Law. Where the involved parties have agreed to settle disputes by means of arbitration, a people's court will refuse to handle a legal proceeding initiated by one of the parties at such people's court, unless the arbitration agreement has lapsed.

The Listing Rules and the Mandatory Provisions require an arbitration clause to be included in the articles of association of a company listed in Hong Kong and, the Listing Rules, also require contracts between the company and each director or supervisor shall include arbitration clauses. Pursuant to such clause, whenever a dispute or claim arises from right or obligation provided in the articles of association, the PRC Company Law or other relevant laws and administrative regulations concerning the affairs of the company between (1) a holder of overseas listed foreign shares and the company; (2) a holder of overseas listed foreign shares and a holder of domestic shares; or (3) a holder of overseas listed foreign shares and the company's directors, supervisors or other management personnel, such parties shall be required to refer such dispute or claim to arbitration at either the China International Economic and Trade Arbitration Commission ("CIETAC") or the Hong Kong International Arbitration Center ("HKIAC"). Disputes in respect of the definition of shareholder and disputes in relation to the company's shareholder registry need not be resolved by arbitration. If the party seeking arbitration elects to arbitrate the dispute or claim at the HKIAC, then either party may apply to have such arbitration conducted in Shenzhen in accordance with the securities arbitration rules of the HKIAC.

Under the PRC Arbitration Law and PRC Civil Procedure Law, an arbitral award shall be final and binding on the parties involved in the arbitration. If one party fails to comply with the arbitral award, the other party to the award may apply to a people's court for its enforcement. However, the people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural irregularity (including but not limited to irregularity in the composition of the arbitration tribunal, the jurisdiction of the arbitration commission, or the making of an award on matters beyond the scope of the arbitration agreement or outside the jurisdiction of the arbitration commission).

Any party seeking to enforce an award of a foreign affairs arbitration organ of the PRC against a party who or whose property is not located within the PRC may apply to a foreign court with jurisdiction over the relevant matters for recognition and enforcement of the award. Likewise, an arbitral award made by a foreign arbitral body may be recognized and enforced by a PRC court in accordance with the principle of reciprocity or any international treaties concluded or acceded to by the PRC.

The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "New York Convention") passed on June 10, 1958 pursuant to a resolution passed by the Standing Committee of the NPC on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by other parties thereto subject to their rights to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of that state. At the time of the PRC's accession to the Convention, the Standing Committee of the NPC declared that (1) the PRC will only apply the New York Convention to the recognition and enforcement of arbitral awards made in the territories of other parties based on the principle of reciprocity; and (2) the New York Convention will only apply to disputes deemed under PRC laws to be arising from contractual or non-contractual mercantile legal relations. An arrangement for mutual enforcement of arbitral awards between Hong Kong and the Supreme People's Court of China was reached. The Supreme People's Court of China adopted the Arrangements on the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region on June 18, 1999, which went into effect on February 1, 2000. The arrangements reflects the spirit of the New York Convention. Under the arrangements, the awards by the Mainland arbitral bodies recognized by Hong Kong may be enforced in Hong Kong and the awards by the Hong Kong arbitral bodies may also be enforced in the Mainland China. If the Mainland court finds that the enforcement of awards made by the Hong Kong arbitral bodies in the Mainland will be against public interests of the Mainland, the awards may not be enforced.

SUMMARY OF MATERIAL DIFFERENCES BETWEEN HONG KONG AND PRC COMPANY LAW

The Hong Kong laws applicable to a company incorporated in Hong Kong are the Companies Ordinance and the Companies (Winding Up and Miscellaneous Provisions) 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 Hong Kong Stock Exchange, the 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 Hong Kong Company Law 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, shall be incorporated by the Registrar of Companies in Hong Kong and the company will acquire an independent corporate existence upon its incorporation. 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 provisions that restrict a member's right to transfer shares. A public company's articles of association do not contain such provisions.

Under the PRC Company Law, a joint stock limited company may be incorporated by promotion or subscription. The amended PRC Company Law which came into effect on October 26, 2018 has no provision on the 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, in which case the company should follow such provisions.

Share Capital

Under Hong Kong law, 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 registered capital must be approved by our shareholders' general meeting and the relevant PRC governmental and regulatory authorities. There are no such minimum capital requirements on a Hong Kong company under Hong Kong law.

Under the PRC Securities Law, a company which is approved by the relevant securities regulatory authority to list its shares on a stock exchange must have a total share capital of not less than RMB30 million. There is no such restriction on companies incorporated in Hong Kong under Hong Kong law.

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). For non-monetary assets to be used as capital contributions, appraisals and transfer procedures of property rights must be carried out to ensure no over-valuation or under-valuation of the assets. There is no such restriction on a Hong Kong company under Hong Kong law.

Restrictions on Shareholding and Transfer of Shares

Under PRC law, our Domestic Shares, which are denominated and subscribed for in Renminbi, may only be subscribed for and traded by the government or government authorized departments, PRC legal persons, natural persons, qualified foreign institutional investors, or eligible foreign strategic investors. Overseas listed shares, which are denominated in Renminbi and subscribed for in a foreign currency other than Renminbi, may only be subscribed for, and traded by investors from Hong Kong, Macau or Taiwan or any country and territory outside the PRC, or qualified domestic institutional investors. However, qualified institutional investors and individual investors may trade Southbound Hong Kong trading Link and Northbound Shanghai trading Link (or the Northbound Shenzhen trading Link) shares via participating in Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect.

Under the PRC Company Law, a promoter of a joint stock limited company is not allowed to transfer the shares it holds for a period of one year after the date of establishment of the company. Shares in issue prior to the public offering cannot be transferred within one year from the listing date of the shares on a stock exchange. Shares in a joint stock limited company held by its directors, supervisors and senior management transferred each year during their term of office shall not exceed 25% of the total shares they held in the company, and the shares they held in the company cannot be transferred within one year from the listing date of the shares, and also cannot be transferred within half a year after such person has left office. The articles of association may set other restrictive requirements on the transfer of the company's shares held by its directors, supervisors and senior management. There are no such restrictions on shareholdings and transfers of shares under Hong Kong law apart from six-month lockup on the company's issue of shares and the 12-month lockup on controlling shareholder disposal of shares.

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 Hong Kong Company Law.

Variation of Class Rights

The PRC Company Law has no special 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 procedure required to be followed in respect thereof. These provisions have been incorporated in the Articles of Association.

Under the Companies Ordinance, no rights attached to any class of shares can be varied except (i) with the approval of a special resolution of the holders of the relevant class at a separate meeting, (ii) with the consent in writing of the holders representing at least 75% of the total voting rights of holders of the relevant class of shares, or (iii) if there are provisions in the articles of association relating to the variation of those rights, then in accordance with those provisions.

Directors, Senior Management and Supervisors

The PRC Company Law, unlike Hong Kong Company Law, does not contain any requirements relating to the declaration of directors' interests in material contracts, restrictions on 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

According to Hong Kong law, as permitted by court, shareholders may initiate a derivative action on behalf of the company against directors who have any misconduct 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 provide further remedies against the directors, supervisors and senior management who breach their duties to the company. In addition, as a condition to the listing of shares on the Hong Kong Stock Exchange, each director and supervisor of a joint stock limited company is required to give an undertaking in favor of the company acting as agent for the shareholders. This allows minority shareholders to take action against directors and supervisors of the company in default.

Protection of Minorities

Under Hong Kong law, a shareholder who complains that the business of a company incorporated in Hong Kong are conducted in a manner unfairly prejudicial to his interests may petition to the Court to make an appropriate order to give relief to the unfairly prejudicial conduct. Alternatively, pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, a shareholder may seek to wind up the company on the just and equitable ground. In addition, on the application of a specified number of members, the Financial Secretary may appoint inspectors who are given extensive statutory powers to investigate the affairs of a company incorporated or registered in Hong Kong.

According to the PRC Company Law, in the event that the company encounters substantial difficulties in its operation and management and its continuance shall cause a significant loss to the interest of its shareholders, and where this cannot be resolved through other means, the 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. The Mandatory Provisions, however, contains provisions that a controlling shareholder may not exercise its voting rights in a prejudicial manner to the interests of the entire or part of 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 extraordinary shareholders meeting must be given to shareholders at least 20 days and 15 days before the meeting, respectively. Under the Special Regulations and the Mandatory Provisions, at least 45 days' written notice must be given to all shareholders before the meeting and shareholders who wish to attend the meeting must send their writing replies to the company at least 20 days before the date of the meeting.

For a company incorporated in Hong Kong, the minimum period of notice is 14 days in the case of an annual general meeting. Further, where a meeting involves consideration of a resolution requiring special notice, the company must also give its shareholders notice of the resolution at least 14 days before the meeting. The notice period for the annual shareholders' general meeting is 21 days.

Quorum for Shareholders' General Meetings

Under the Companies Ordinance, the quorum for a general meeting must be at least two members unless the articles of association of the company otherwise provided. For companies with only one shareholder, the quorum must be one shareholder. The PRC Company Law does not specify the quorum for a shareholders' general meeting, but the Special Regulations and the Mandatory Provisions provide that general meetings may only be convened after replies to the notice of that meeting have been received from shareholders whose shares represent at least 50% of the voting rights at least 20 days before the proposed date of the meeting, or if the replies of shareholders is not reached 50% of the voting rights, the company shall within five days notify its shareholders again by way of a public announcement and the shareholders' general meeting may be held thereafter.

Voting

Under the Companies Ordinance, an ordinary resolution is passed by a simple majority of affirmative votes cast by shareholders present in person, or by proxy, at a general meeting, and a special resolution is passed by not less than three-fourths of affirmative votes casted by shareholders present in person, or by proxy, at a general meeting.

Under the PRC Company Law, the passing of any resolution requires more than one-half of the affirmative votes held by our shareholders present at a shareholders' meeting except in cases such as proposed amendments to our articles of association, increase or decrease of registered capital, merger, division, dissolution or transformation, which require two-thirds of the affirmative votes cast by shareholders present at a shareholders' 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 financial statements, auditors' report and directors' report, which are to be presented before the company's annual general meeting, not less than 21 days before such meeting. A joint stock limited company is required under the PRC law to prepare its financial statements in accordance with the PRC GAAP. In addition, pursuant to the Mandatory Provisions, 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 the accounting standards of the oversea place where the shares are listed and its financial statements must also contain a statement of the financial effect of the material differences (if any) from the financial statements prepared in accordance with the PRC GAAP. The lower of the after-tax profits of a specific fiscal year stated in the statements prepared based on the above-mentioned principles shall prevail in the allocation of such profits. 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.

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, share register, counterfoil of company debentures, resolutions of board meetings, resolutions of the board of supervisors and financial and accounting reports, which is similar to the shareholders' rights of Hong Kong companies under Hong Kong law.

Receiving Agent

Under the PRC Company Law and Hong Kong law, dividends once declared are debts payable to shareholders. The limitation period for debt recovery action under Hong Kong law is six years, while under the PRC laws this limitation period is three years. The Mandatory Provisions require the relevant company to appoint a trust company registered under the Hong Kong Trustee Ordinance (Chapter 29 of the Laws of Hong Kong) as a receiving agent to receive on behalf of holders of shares dividends declared and all other monies owed by the company in respect of its shares.

Corporate Reorganization

Corporate reorganization involving a company incorporated in Hong Kong may be effected in a number of ways, such as a transfer of the whole or part of the business or property of the company in the course of voluntary winding up to another company pursuant to Section 237 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or a compromise or arrangement between the company and its creditors or between the company and its shareholders under Section 237 and Division 2 of Part 13 of the Companies Ordinance, which requires the sanction of the court. In addition, subject to the shareholders' approval, an intra-group wholly-owned subsidiary company may also be amalgamated horizontally or vertically under the Companies Ordinance.

Under PRC law, merger, division, dissolution or change the form of a joint stock limited company has to be approved by shareholders in general meeting.

Dispute Arbitration

In Hong Kong, disputes between shareholders on the one hand, and a company incorporated in Hong Kong or its directors on the other 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 HKIAC or the CIETAC, at the claimant's choice.

Statutory Reserve Fund Withdrawal

Under the PRC Company Law, when a joint stock limited company allocating the after-tax profits of the current year, the Company shall allocate (10) ten percent of its profit to the statutory common reserve fund. There are no corresponding provisions under Hong Kong law.

Remedies of the 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 law on any dividends or other distributions payable to a shareholder. Under Hong Kong law, the limitation period for an action to recover a debt (including the recovery of dividends) is six years, whereas under PRC laws, the relevant limitation period is three years. The company must not exercise its powers to forfeit any unclaimed dividend in respect of shares until after the expiry of the applicable limitation period.

Fiduciary Duties

In Hong Kong, directors owe fiduciary duties to the company, including the duty not to act in conflict with the company's interests. Furthermore, the Companies Ordinance has codified the directors' statutory duty of care. Under the PRC Company Law, directors, supervisors and senior management should be loyal and diligent. Under the Mandatory Provisions, directors, supervisors and senior management are not permitted, without the approval of the shareholders' general meeting, to engage in any activities which compete with or damage the interests of their 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 under certain circumstances) in a year, whereas, as required by the PRC Company Law and 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.

This appendix contains the summary of the principal provisions of the Articles of Association adopted by the Shareholders of the Company on December 10, 2020 in accordance with applicable laws and regulations, and will become effective on the date that the H Shares are listed on the Hong Kong 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 to potential investors. A copy of the full Chinese text of the Articles of Association is available on display as mentioned in the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display" in Appendix VII to this document.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Power to allocate and issue shares

The Articles of Association does not contain clauses that authorize the Board of Directors to allot or issue shares. The Board of Directors shall prepare proposals for share allotment or issuance, which are subject to Shareholders' approval in general meeting in the form of a special resolution. Any such allotment or issuance shall be in accordance with the procedures stipulated in applicable laws and administrative regulations.

Power to dispose of the PRC issuer's or its subsidiaries' assets

Upon a disposal of the fixed assets by the Board of Directors, if the sum of the expected value of the fixed assets to be disposed of, and the aggregate value received from the fixed assets of the Company disposed of within the four months immediately preceding this proposal for disposal exceeds 33% of the value of fixed assets indicated on the latest audited balance sheet submitted to the Shareholders' general meeting, the Board of Directors shall not dispose of or agree to dispose of such fixed assets without the prior approval of the Shareholders' general meeting.

The above disposal of fixed assets refers to the transfer of rights and interests in certain assets, but does not include the provision of guarantees with fixed assets.

The validity of the transactions with respect to the disposal of fixed assets by the Company shall not be affected by the violation of the above restrictions found in the Articles of Association.

Compensation or payments for loss of office

It shall be provided in the written contract entered into between the Company and the Directors or Supervisors in connection with their emoluments that they are entitled to compensation or other payments for loss of office or retirement as a result of the acquisition of the Company, subject to the approval of the Shareholders' general meeting in advance. Acquisition of the Company refers to any of the following circumstances:

(I) an acquisition offer made to all of the Shareholders by any person; or

(II) an acquisition offer made by any person such that the said person will become the controlling shareholder. The definition of controlling shareholder is consistent with that in the Articles of Association.

If the relevant Director or Supervisor fails to comply with the requirements stipulated within this provision, any payment received by such Director or Supervisor shall belong to the person who sells the Shares for accepting the aforesaid offer. The Director or Supervisor shall bear all expenses arising from the distribution of such payments in a proportional manner and all related expenses shall not be deducted from these payments.

Loans to Directors, Supervisors and other senior management

The Company shall neither provide the Directors, Supervisors, the managers or other senior management of the Company or the parent company with loans or loan guarantees either directly or indirectly; nor provide persons related to the above personnel with loans or loan guarantees.

The preceding provisions shall not apply in the following circumstances:

(I) The Company provides loans its subsidiaries or the Company provides loan guarantees for its subsidiaries;

(II) The Company provides the Directors, Supervisors, the manager and other senior management with loans, loan guarantees or other funds pursuant to the appointment contracts approved at the Shareholders' general meeting to pay the expenses incurred for the purpose of the Company or performing his or her duties to the Company; and

(III) In case that the normal scope of business of the Company covers the provision of loans or loan guarantees, the Company may provide the Directors, Supervisors, the manager or other senior management or his or her related personnel with loans or loan guarantees, provided that conditions for provision of loans and loan guarantees shall be normal commercial conditions.

As for such loans provided by the Company in violation of the preceding provisions, the person who receives the loan(s) must forth with repay such loan(s) immediately, regardless of the terms of said loans.

Any guarantee for a loan provided by the Company in violation of the above requirements shall not be mandatorily enforced against the Company, except under the following circumstances:

(I) Provision of loans to personnel related to the Directors, Supervisors, the manager and other members of senior management of the Company or its parent company and the loan provider has no knowledge of the relevant circumstances at the time of making the loan;

(II) The loan provider has lawfully sold the collateral provided by the Company to a bona fide purchaser.

For the purpose of the above, guarantee includes the acts of the guarantor bearing the liabilities or providing properties to ensure that the obligor performs the obligations.

Borrowing powers

The Articles of Association (a) do not contain any specific provision in respect of the manner in which borrowing powers may be exercised by the Directors (other than provisions which give the Directors the power to formulate proposals for the issue of bonds by the Company); and (b) provisions which provide that the issue of bonds must be approved by the shareholders' general meeting by way of a special resolution.

Provision of financial assistance to purchase the shares of the Company

The Company or its subsidiaries shall not provide any financial aid at any time or in any manner to any person that acquires or plans to acquire the shares of the Company. Such person includes anyone who undertakes obligations, directly or indirectly, resulting from acquiring the Shares.

The Company or its subsidiaries shall not provide the person mentioned in the preceding paragraph with financial aid at any time or in any manner, to mitigate or discharge the obligations of the abovementioned obligor.

The following activities are not deemed as activities prohibited by the preceding provision:

(I) Related financial aid provided by the Company is genuinely for the interest of the Company and the main purpose of the financial aid is not to acquire the shares of the Company, or such financial aid is an incidental part of a master plan of the Company;

(II) The lawful distribution of the Company's properties by way of dividends;

(III) Distribution of dividends in the form of Shares;

(IV) Reducing the registered capital, repurchasing the shares or adjusting the shareholding structure, etc. pursuant to the Articles of Association;

(V) The Company providing loans within its scope of business and in the ordinary course of its business (provided that such loans shall not result in a reduction of the net assets of the Company or even if the net assets are reduced, such financial aid is provided out of the distributable profit of the Company);

(VI) The Company providing the employee stock ownership plan with funding (provided that such funds shall not result in reduction in the net assets of the Company or even if the net assets are reduced, such financial aid is provided out of the distributable profit of the Company).

The financial aid mentioned above includes but not limited to the following approaches:

(I) Gifts;

(II) Provision of guarantees (including acts of the guarantor assuming liabilities or providing properties to ensure that the obligor performs the obligations), provision of compensation (excluding compensation arising out of the Company's own fault), release or waiver of rights;

(III) Provision of loans or signing of contracts whereby the Company performs obligations before others, change of the parties to the loans or contracts as well as the transfer of the rights under the loans or contracts;

(IV) Financial aid provided by the Company in any other manner when it is insolvent, has no net assets, or when its net assets would thereby be reduced to a material extent.

The abovementioned assuming obligations includes an instance where an obligator undertakes obligations by entering into contracts or making arrangements (no matter whether the contracts or arrangements are mandatorily enforceable or whether the obligator bears the obligations by himself or herself or jointly with any other person) or changing its financial status in any other manner.

Disclosure of interests in contracts with the PRC issuer or its subsidiaries

A Director, Supervisor, Manager and other members of senior management of the Company who directly or indirectly has material interests in any contracts, transactions or arrangements executed or proposed to be executed with the Company (except for the appointment contracts of service between the Directors, Supervisors, Manager and other members of senior management and the Company), shall, as soon as possible, disclose to the Board of Directors, the nature and extent of his interest, regardless of whether or not such matters require the approval of the Board of Directors under the normal circumstance.

Unless the interested Directors, Supervisors, Manager and other members of senior management of the Company have made such disclosure to the Board of Directors as required by the preceding paragraph of this article, and the relevant matter has been approved by the Board of Directors at the Board meeting in which such Directors, Supervisors, Manager or other members of senior management have not been counted into the quorum and voted at the meeting, the Company shall be entitled to rescind such contracts, transactions or arrangements, except as to any other party which is a bona fide party without knowledge of the violation of duties on the part of such Directors, Supervisors, Manager and other members of senior management.

Where related personnel of the Directors, Supervisors, Manager and other members of senior management have interests in certain contracts, transactions or arrangements, such Directors, Supervisors, Manager and other members of senior management shall also be deemed to have interests.

Remuneration

The Company shall enter into written agreements with the Directors and Supervisors of the Company regarding remuneration, which shall be subject to prior approval of the Shareholders' general meeting. The foregoing remuneration matters include:

(I) Remuneration for providing services as the Directors, Supervisors or members of senior management of the Company;

(II) Remuneration for providing services as the Directors, Supervisors or members of senior management of the subsidiaries of the Company;

(III) Remuneration for providing other services for management of the Company and its subsidiaries;

(IV) Compensation received by the Directors or Supervisors as a result of loss of position or retirement.

Except under a contract entered into in accordance with the foregoing paragraph, no proceedings may be brought by a Director or Supervisor against the Company for any benefits due to him in respect of the above matters.

Appointment, Removal and Retirement

A person may not serve as the Director, Supervisor, manager or one of the member of other senior management of the Company if:

(I) a person without legal or with restricted legal capacity;

(II) a person who has been found guilty of sentenced for corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order where less than a term of 5 years have elapsed since the sentence was served; or a person who has been deprived of his political rights, in each case where less than 5 years have elapsed since the sentence was served;

(III) a person who is a former director, factory manager or general manager of a company or enterprise which has been entered into insolvent liquidation because of mismanagement and he/she is personally liable for the insolvency of such company or enterprise, where less than 3 years have elapsed since the date of the completion of the insolvency and liquidation of the company or enterprise;

(IV) a person who is a former legal representative of a company or enterprise which had its business license revoked due to a violation of the law and who incurred personal liability, where less than 3 years has elapsed since the date of the revocation of the business license;

(V) a person who has a relatively large amount of debts due and outstanding;

(VI) a person who is under criminal investigation by judicial organization for the violation of the criminal law which is not yet concluded;

(VII) a person who is not eligible to act as a leader of an enterprise according to laws and administrative regulations;

(VIII) a non-natural person;

(IX) a person convicted of the contravention of provisions of relevant securities regulations by a relevant government authority, and such conviction involves a finding that he has acted fraudulently or dishonestly, where less than 5 years has elapsed since the date of the conviction.

The validity of any act carried out by a Director, manager or other members of senior management of the Company on the Company's behalf to a bona fide third party shall not be affected by any irregularity in his office, election or any defect in his qualifications.

The fiduciary duty of a Director, Supervisor, manager and other senior management of the Company may not necessarily cease upon the conclusion of his term, and their obligations to keep the commercial secrets of the Company shall survive beyond the conclusion of his term. The duration of other obligations and duties shall be determined in accordance with the principle of fairness, taking into account the lapse between the time when a Director, Supervisor, Manager or other members of senior management of the Company leaves the office and the occurrence of the relevant event, and the situation and the circumstances under which his relation with the Company was ceased.

The shareholders may by informed decisions at the general meeting to discharge the liability of any Director, Supervisor, Manager and any other members of senior management of the Company as a result of violation of any specific duty, except for the circumstances as specified in Article 61 of the Articles of Association.

The Company shall have a Board of Directors consisting of 9 Directors, of which there shall be 1 chairman, 1 vice chairman and 3 independent non-executive directors. Directors shall be elected at the general meeting, with a term of three years. Directors may be eligible for re-election upon expiration of the term.

A written notice of the intention of nomination of a Director candidate and of his willingness to be elected shall be sent to the Company seven days prior to the date of the general meeting.

Without violating the relevant laws, regulations and regulatory rules in connection with the Company, the term of appointment of the newly elected director to fill a casual vacancy in the Board or any director appointed so as to increase the number of directors will be effective from the date of appointment to the next annual general meeting of the Company and such director will then be eligible for re-election. The Chairman and the Vice Chairman shall be elected and removed with approval of more than half of all the directors.

The Chairman and the Vice Chairman shall hold office for a period of three years and are eligible for re-election.

A Director needs not to hold the shares of the Company.

There is no provisions in the Articles of Association relating to retirement of Directors upon reaching any age limit.

The Board of Directors of the Company shall consist of at least three independent non-executive Directors, representing at least one-third of its total number; and at least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise. Moreover, at least one of the independent non-executive Directors of the Company must be ordinarily resident in Hong Kong.

ALTERATIONS TO CONSTITUTIONAL DOCUMENTS

The Company may amend the Articles of Association based on the provisions of the laws, administrative regulations and Articles of Association.

Where the amendments to the Articles of Association involve the contents of the Mandatory Provisions, it shall not take effect until approved by the competent company examinations department authorized by the State Council and the CSRC; where the amendment of the Articles of Association involves the Company's registration, it shall be necessary to carry out the lawfully prescribed procedures for a change in registration.

VARIATION OF RIGHTS OF EXISTING SHARES OR CLASSES OF SHARES

Shareholders who hold different classes of shares shall be known as class shareholders.

Class shareholders shall be entitled to rights and assume obligations according to the provisions of laws, regulations and the Articles of Association.

Where the capital of the issuer includes shares which do not carry voting rights, the words "non-voting" shall appear in the designation of such shares.

Where the share capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favorable voting rights, must include the words "restricted voting" or "limited voting."

Rights conferred on any class of shareholders in the capacity of shareholders may not be varied or abrogated unless approved by a special resolution of shareholders at a general meeting, and by the class shareholders so affected at a separate meeting conducted according to Articles 96 to 100 of the Articles of Association. The quorum for such separate class meeting (other than an adjourned meeting) shall be the holders of at least one-half of the issued shares of the class.

The following circumstances shall be deemed as a variation or abrogation of rights of a class shareholder:

(I) an increase or decrease in the number of shares of such class, or an increase or decrease in the number of shares of another class having voting rights or distribution rights or other privileges equal to or superior to those of the shares of such class;

(II) the conversion of all or part of the shares of such class into the shares of another class or the conversion or creation of a right of conversion of all or part of the shares of another class into the shares of such class;

(III) the removal or reduction of rights to receive accrued dividends or rights to cumulative dividends attached to the shares of such class;

(IV) the reduction or removal of the preferential rights attached to the shares of such class for the receipt of dividends or for the distribution of assets in the event that the Company is liquidated;

(V) the addition, removal or reduction of the rights of conversion, options rights, voting rights, transfer rights, pre-emptive rights, or rights to acquire securities of the Company attached to the shares of such class;

(VI) the removal or reduction of the rights to receive payment receivable from the Company in the particular currencies attached to the shares of such class;

(VII) the creation of a new class of shares having voting rights or distribution rights or other privileges equal to or superior to those of the shares of such class;

(VIII) the restriction of the transfer or ownership of the shares of such class or the imposition of stricter restrictions thereof;

(IX) the issue of any rights to subscribe for, or to convert into, shares in the Company of the same class or another class;

(X) the enhancement of rights or privileges of the shares of other classes;

(XI) the restructuring of the Company pursuant to which shareholders of different classes assume disproportionate liability;

(XII) the revision or abrogation of the provisions of this Chapter.

The class shareholders so affected, whether or not otherwise entitled to vote at a general meeting, shall nevertheless be entitled to vote at any class meeting with respect to matters set forth in Clauses (II) to (VIII), (XI) to (XII) above, but interested shareholder(s) shall not be entitled to vote in class meetings.

Apart from the holders of other classes of shares, holders of domestic shares and holders of non-listed foreign shares shall be deemed to be of the same class; holders of domestic shares and holders of overseas listed foreign shares shall be deemed to be of different classes; and holders of non-listed foreign shares and holders of overseas listed foreign shares shall be deemed to be of different classes.

The special procedures for voting of class shareholders shall not apply under the following circumstances:

(I) where, upon approval by a special resolution passed at a general meeting (subject to the unconditional authorization or the terms and conditions stipulated in the resolution), the Company authorizes, allocates or issues domestic shares and overseas listed foreign shares either separately or concurrently once every twelve months, and the number of each of the domestic shares and overseas listed foreign shares to be issued does not exceed 20% of the number of the respective outstanding shares;

(II) where such shares are part of a plan of the Company to issue domestic shares or overseas listed foreign shares at its establishment, which is completed within 15 months from the approval by the CSRC or other competent regulatory bodies under the State Council;

upon the approval by the CSRC and Hong Kong Stock Exchange, the Company's domestic shareholders and non-listed foreign shareholders transfer all or part of their holdings to overseas investors and list and trade it on an overseas stock exchange, or transfer all or part of the domestic shares and non-listed foreign shares to overseas listed foreign shares and list and trade it on overseas stock exchanges.

SPECIAL RESOLUTIONS — MAJORITY REQUIRED

The resolutions of the Shareholders' general meeting are categorized as ordinary resolutions and special resolutions. An ordinary resolution can be adopted by one-half of the votes held by the Shareholders (including proxies) in attendance of the Shareholders' general meeting. A special resolution can be adopted by two-thirds majority of the votes held by the Shareholders (including proxies) in attendance of the Shareholders' general meeting.

VOTING RIGHTS (GENERALLY AND ON A POLL)

When voting at the Shareholders' general meeting, the Shareholder (or proxy) may exercise his or her voting rights in accordance with the number of Shares with voting power held with each Share representing one vote. When voting at a general meeting, shareholders (including their proxies) who are entitled to two or more votes are not required to vote against or in favor of their total number of votes. When the number of dissenting votes equals to the number of supporting votes, no matter by a show of hands or by a vote, the chairman of the meeting is entitled to one additional vote.

REQUIREMENTS FOR GENERAL MEETINGS

The Shareholders' general meetings are divided into annual general meetings and extraordinary general meetings. The Board of Directors may convene a general meeting. The annual general meeting shall be convened once a year and be held within six months upon the end of the previous fiscal year.

ACCOUNTS AND AUDIT

Financial and accounting policies

The Company shall establish its financial and accounting systems in accordance with the laws, administrative regulations and accounting principles of the PRC formulated by the Ministry of Finance. A financial report shall be prepared at the end of each financial year and shall be examined and verified according to laws. The Board of Directors shall present to the shareholders, at each annual general meeting, such financial reports as required by applicable laws, administrative regulations, directives promulgated by local government and competent authorities. The Company shall make up its annual accounts to a date falling not more than 6 months before the end date of such fiscal year or the accounting reference period in respect of the annual financial statement.

The Company's financial reports shall be made available for shareholders' inspection at the Company 20 days prior to the date of annual general meeting. Each shareholder of the Company is entitled to obtain a copy of the financial reports referred to in this Chapter.

The financial statements of the Company shall, in addition to being prepared in accordance with the PRC accounting standards and regulations, be prepared in accordance with either international accounting standards or that of the place of listing overseas where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, explanations shall be given in the notes to the financial statements. When the Company distributes its after-tax profits for that financial year, the lower of the after-tax profits as shown in (i) the financial statement prepared in accordance with the PRC accounting standards and regulation; or (ii) the international accounting standards or that of the place of listing overseas where the Company's shares are listed, shall be adopted.

The interim results or financial information published or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations as well as the international accounting standards or such accounting standards in the place of listing overseas.

The Company shall publish the financial report twice each accounting year, namely publish the interim financial report within 60 days after the end of the first 6 months of the accounting year, and publish the annual financial report within 120 days after the end of the accounting year. Where the relevant provisions of the stock exchange and securities regulatory authorities of the place where the shares of the Company are listed stipulate otherwise, such provisions shall prevail. The Company shall not establish account books other than those required by law. The assets of the Company shall not be deposited in any account opened under a personal name.

Appointment and Dismissal of Accountants

The Company shall retain an independent accounting firm that fulfills the requirements provided by the relevant regulations of the PRC to audit the Company's annual financial report and review the Company's other financial reports. For the purposes of the Articles of Association, the accounting firm retained by the Company at any time shall be the Company's auditor.

The term of an accounting firm retained by the Company shall commence upon the conclusion of one annual general meeting and shall sustain until the conclusion of the next annual general meeting of the Company.

The accounting firm engaged by the Company shall have the following rights:

(I) to inspect books, records and vouchers of the Company at any time, and to require the Directors, manager and other members of senior management of the Company to provide relevant information and explanations;

(II) to require the Company to take all reasonable steps to obtain from its subsidiaries any information and explanations necessary for the discharge of its duties;

(III) to attend any general meeting and to receive all notices of, and other information relating to, any general meeting which any shareholder is entitled to receive, and to speak at any general meeting in relation to matters concerning its role as the Company's retained accounting firm.

Irrespective of the provisions in the contract concluded between the Company and the accounting firm, the general meeting may remove the accounting firm by an ordinary resolution before the term of the accounting firm expires. Notwithstanding such provisions, the accounting firm's entitlement to claim for damages arising out of its removal shall not be affected thereby. The remuneration of an accounting firm or the manner in which such firm is to be compensated shall be decided by the general meeting. The remuneration of an accounting firm retained by the Board of Directors shall be decided by the Board of Directors. The general meeting shall decide to retain, remove or discontinue the retention of an accounting firm and file with the CSRC.

NOTICE AND AGENDA OF SHAREHOLDER'S GENERAL MEETING

The Shareholders' general meeting is the authorized organ of the Company that can perform duties and exercise powers in accordance with laws.

Without the approval of a resolution of the Shareholders' general meeting, the Company shall not enter into a contract with any person other than the Directors, Supervisors, the manager and other senior management that would make such person responsible for the management of all or the main business of the Company.

Under any of the following circumstances, the Board of Directors shall convene an extraordinary general meeting within two months:

(I) The number of Directors is less than the number specified in the Company Law or less than two thirds of the number required in the Articles of Association;

(II) The uncovered losses of the Company reach one-third of its total paid-in share capital;

(III) The Shareholders holding 10% or more issued Shares with voting rights request to convene an extraordinary general meeting in writing;

(IV) The Board of Directors considers it necessary or the Supervisory Committee proposes convening an extraordinary general meeting;

(V) When more than two independent non-executive directors propose to convene a general meeting;

(VI) When referring to items (III), (IV), and (V) above, the subjects of the general meeting proposed by the requester shall be included in the agenda of the general meeting.

When the Company convenes the annual general meeting, it shall notify the shareholders 20 days prior to the meeting; and the Company shall notify the shareholders 15 days prior to the extraordinary general meeting. When the Company convenes general meetings, shareholder(s) individually or jointly holding more than three percent (inclusive of three percent) of the total voting shares of the Company will be entitled to propose new proposals in writing to the Company, which, if within the functions and powers of the general meeting, will be required to be added to the agenda of the general meeting.

The notice of the Shareholders' general meeting shall meet the following requirements:

(I) Made in writing;

(II) Specified the venue, date and duration of the meeting;

(III) Specified the matters and resolutions to be deliberated at the meeting;

(IV) Provision to the Shareholders of the materials and explanations necessary for the Shareholders to make sound decisions about the matters to be deliberated. This principle includes, but is not limited to, the provision of the detailed terms and contract(s), if any, of the proposed transaction(s) and serious explanations about related causes and effects when the Company proposes mergers, redemption of shares, restructuring of stock capital or other restructuring;

(V) In the event that any of the Directors, Supervisors, the manager or other senior management has material interests at stake in matters to be deliberated, the nature and extent of the interests at stake shall be disclosed. If the matters to be deliberated affect any Director, Supervisor, the manager or other senior management as a Shareholder in a manner different from how they affect other Shareholders of the same type, the difference shall be explained;

(VI) Inclusion of the full text of any special resolution to be proposed for adoption at the meeting;

(VII) A clear explanation that the Shareholder is entitled to attend and vote at the general Shareholders' meeting, or to appoint one or more proxy(ies) to attend and vote at the meeting on his or her behalf and that such person(s) may not necessarily be a Shareholder(s) of the Company;

(VIII) Specified delivery time and place of the power of attorney for proxy voting of the meeting; and

(IX) Name and telephone number of the contact person in relation to the shareholders' general meeting.

The notice of the Shareholders' general meeting shall be sent in person or by postage paid mail, to the Shareholders (regardless of whether such Shareholders have the right to vote at the Shareholders' general meeting or not), and each recipient's address shall be according to the address indicated on the register of Shareholders. For holders of Domestic Shares, the notice of the Shareholders' general meeting may be given in the form of a public announcement.

The public announcement provided in the preceding provision shall be published in one or more newspapers designated by the CSRC twenty days prior to the annual general meeting or fifteen days prior to the extraordinary general meeting. Once the announcement is made, all holders of Domestic Shares shall be deemed to have received the notice of the Shareholders' general meeting.

In the event that the notice of the meeting is not sent to persons entitled to receive it due to accident or oversight, or such persons fail to receive notice of the meeting, the meeting and resolutions made at the meeting shall not be held invalid.

Power of the Shareholders' General Meeting

The following matters shall be resolved by ordinary resolutions at the general meeting:

(I) reports of the Board of Directors and the Board of Supervisors;

(II) any plans for the distribution of profits and for recovering losses formulated by the Board of Directors;

(III) removal of the members of the Board of Directors and Supervisors, and decision on their remuneration and methods of payment;

(IV) preliminary and final annual budgets, balance sheets, profit accounts, and other financial statements of the Company;

(V) the Company annual report;

(VI) resolutions on appointing, dismissing and not re-appointing the accounting firm;

(VII) other matters other than those required by laws, administrative regulations, or by the Articles of Association to be approved by a special resolution.

The resolutions of the Shareholders'general meeting are categorized as ordinary resolutions and special resolutions. An ordinary resolution can be adopted by one-half of the votes held by the Shareholders (including proxies) in attendance of the Shareholders' general meeting. A special resolution can be adopted by two-thirds majority of the votes held by the Shareholders (including proxies) in attendance of the Shareholders'general meeting. The following matters shall be resolved by ordinary resolutions at the general meeting:

(I) reports of the Board of Directors and the Board of Supervisors;

(II) any plans for the distribution of profits and for recovering losses formulated by the Board of Directors;

(III) removal of the members of the Board of Directors and Supervisors, and decision on their remuneration and methods of payment;

(IV) preliminary and final annual budgets, balance sheets, profit accounts, and other financial statements of the Company;

(V) the Company annual report;

(VI) resolutions on appointing, dismissing and not re-appointing the accounting firm;

(VII) other matters other than those required by laws, administrative regulations, or by the Articles of Association to be approved by a special resolution.

The following matters shall be resolved by special resolutions at the general meeting:

(I) the increase or reduction in share capital and the issuance of shares of any class, warrants and other similar securities;

(II) the issuance of debentures of the Company;

(III) the division, merger, dissolution, liquidation or change in the form of the Company;

(IV) the amendments to the Articles of Association;

(V) to review and approve matters relating to the purchases, disposals of material assets, or provisions of investments or guarantees which are more than 30% of the latest audited total assets of the Company within one year;

(VI) other matters that ordinary resolutions have been made at the general meeting indicating that resolutions regarding such matters will substantially impact the Company and such matters need to be passed by special resolutions.

Where the Shareholders request the Board to convene an extraordinary general meeting or classified Shareholders' meeting, the following procedures shall be followed:

(I) The Shareholders who separately or jointly hold 10% or more of the Shares with voting rights may request the Board to convene an extraordinary general meeting or classified Shareholders' meeting by signing a written requirement or several copies with the same format and to illustrate the subject of the meetings. The Board of Directors shall convene an extraordinary general meeting or classified Shareholders' meeting as soon as possible upon the receipt of the aforesaid written request. The Shareholders shall calculate the aforesaid number of shareholdings as from the date of the submission of the written requirement.

(II) If the Board of Directors fails to issue a notice of meeting within 30 days upon the receipt of the aforesaid written request, the Shareholders who submit the requirement may call and convene a meeting by themselves within 4 mouth after the Board of Directors receives the said request, of which the convening procedure shall be at best the same as if convened by the Board of Directors.

If the Shareholders call and convene a meeting by themselves due to the Board of Directors being unable to convene a meeting in accordance with the aforesaid requirement, the expenses reasonably resulted therefrom shall be borne by the Company and be deducted from the amounts due to the Directors and Supervisors as a result of loss of office. The Chairman of the Board of Directors shall preside over the general meetings. If the Chairman of the Board is unable to attend the meeting for any reason, the meeting shall be chaired by the Vice Chairman of the Board. If both the Chairman of the Board and the vice Chairman of the Board are unable to attend the meeting, the Board of Directors may appoint a director of the Company to call and chair the meeting. In the event that no chairman of the meeting is so designated, the attending shareholders shall elect one of the directors to act as the chairman of the meeting. In the event that, for any reasons, the shareholders fail to elect a chairman, then the shareholder holding the largest number of the voting shares present in person or by proxy shall be the chairman of the meeting.

INCREASE OR DECREASE OF SHARE CAPITAL

Pursuant to the Articles of Association and subject to the approval by way of Shareholders' General Meeting, the Company may, based on its business and development needs, increase the capital in the following manners:

(I) issue new shares to non-specified investors for subscription;

(II) issue new shares to existing shareholders;

(III) issue bonus shares to existing shareholders;

(IV) convert reserve into share capital;

(V) other manners permitted and approved under laws and administrative regulations and by the CSRC.

The increase of capital by issuing new shares shall be subject to approval as specified in the Articles of Association and follow the procedures specified by the relevant laws and regulations of the PRC.

The Company may reduce its registered capital in accordance with the Company Law and other relevant provisions as well as procedures stipulated in the Articles of Association. The registered capital, after the capital has been reduced, shall not be lower than the statutory minimum.

TRANSFER OF SHARES

Unless otherwise specified by laws, administrative regulations, regulations of ministries and commissions, and listing rules for stock exchanges where the Company's Shares are listed, the Shares of the Company may be transferred freely without any lien attached.

Fully paid H shares may be freely transferred pursuant to the Articles of Association. However, unless the transfer complies with the following conditions, the Board of Directors may refuse to process with transfer documents without stating any reasons therefor:

(I) That transferring and other documents relating to or affecting the title to any registered securities shall be registered and the fee or fees levied pursuant to the Listing Rules is/are paid to the Company;

(II) The transferring documents relate only to H shares;

(III) The stamp duty payable on the transferring documents has been paid;

(IV) The relevant share certificates and the evidence as required by the Board of Directors to prove that the transferor has the right to transfer the shares have been provided;

(V) If the shares is to be transferred to joint holders, the number of the joint holders shall not exceed four;

(VI) The shares is free from all lien;

(VII) No share shall be transferred to minors, mentally disabled persons or any persons without legal capacity.

POWER OF THE PRC ISSUER TO REPURCHASE ITS OWN SHARES

The Company may, subject to the approval of the relevant governing authorities of China, and according to the procedures set forth in the Articles of Association, repurchase its outstanding shares under the following circumstances:

(I) Reducing the registered capital of the Company;

(II) Merging with other companies that hold shares in the Company;

(III) Applying the shares for the staff shareholding scheme or as share incentives;

(IV) Shareholders who disagree with the resolutions for the merger and separation of the Company made in general meeting may demand the Company to purchase their shares;

(V) Utilizing the Shares for conversion of corporate bonds which are convertible into shares issued by the listed companies;

(VI) Where it is necessary for the listed companies to safeguard its value and shareholders' interests;

(VII) Other circumstances permitted by laws, administrative regulations, departmental regulations, and regulatory rules of the place where the Company's shares are listed.

Purchase of the Company's shares for reasons set out in Clauses (I) and (II) of this Article shall be subject to resolution at a shareholders' general meeting. After the Company has purchased its shares in accordance with Clause (I) of this Article, such shares shall be canceled within 10 days after purchase; When the Company has purchased its shares in accordance with Clause (II) and (IV) of this Article, such shares shall be transferred or canceled within 6 months. Company shares purchased in accordance with Clauses (III), (V) and (VI) shall be subject to resolution at a Board meeting with the presence of two-thirds of Directors, and the aggregate number of such Company shares held by the Company shall not exceed 10% of the total number of issued shares of the Company, and such shares shall be transferred or canceled within 3 years.

As approved by relevant authorities, the Company may repurchase its shares by the following means:

(I) by making a general offer to all of its shareholders for the repurchase of shares on a pro rata basis;

(II) by open dealing on a stock exchange;

(III) by an off-market agreement outside of stock exchanges;

(IV) other means approved by laws, administrative regulations and regulatory authorities.

DIVIDENDS AND OTHER METHODS OF DISTRIBUTION

The Company's after-tax profit shall be allocated in the following order:

(I) the making up of any loss;

(II) allocation to the statutory reserve fund;

(III) setting aside of any reserves in accordance with the resolution passed at the general meeting;

(IV) payment of ordinary share dividends. No profit shall be distributed as dividends or in any other form as bonus before making up losses and setting aside of the Company's statutory reserve fund.

Any amount paid up in advance of calls on any shares may carry interest but shall not entitle the holder of such shares to participate in respect thereof in a dividend subsequently declared.

The power to cease sending dividend warrants by post will not be exercised until such dividend warrants have been so left uncashed on two consecutive occasions. However, such power may also be exercised after the first occasion on which such a dividend warrant is returned undelivered.

Subject to the laws and regulations of the PRC and the rules of Stock Exchange of Hong Kong Limited, the Company may exercise its power to forfeit unclaimed dividends, but only upon the expiry of the period for which the dividends can be claimed. With regard to the exercise of power to issue warrants in bearer form, no new warrants shall be issued to replace one that has been lost, unless the Company is satisfied beyond reasonable doubt that the original has been destroyed.

The capital reserve fund shall include the followings:

(I) any premium which exceeds the proceeds from issuance of shares at par value;

(II) any other income credited to the capital reserve fund as required by the finance department of the State Council.

Reserves of the Company may be applied towards the following objectives:

(I) making up of losses, except that capital reserves may not be used.

(II) conversion into capital. In the case of conversion of statutory reserves into capital through capitalization, the balance of the statutory reserves shall not be less than 25% of the registered capital of the Company prior to the conversion.

(III) expansion of the Company's production and operation.

The dividend distribution plans of the Company shall be voted at the general meeting. After the Board of Directors takes into account the Company's financial position and subject to the relevant laws and regulations, shareholders may authorize by ordinary resolution the Board of Directors to distribute and pay dividends. The Company may distribute its dividends in the form of cash or shares.

The Company shall appoint a receiving agent in Hong Kong for the shareholders of the overseas-listed foreign shares. Such receiving agent shall receive and keep dividends of the overseas-listed foreign shares on behalf of such relevant shareholders so as to be paid to such shareholders. The receiving agent appointed by the Company shall meet relevant requirements of the laws of the places or the relevant regulations of the stock exchange in which the Company's shares are listed. The receiving agent appointed by the Company in respect of H shares listed on the Stock Exchange of Hong Kong Limited shall be a trust company registered under the Trustee Ordinance of Hong Kong.

PROXIES

Any Shareholder who is entitled to attend and vote at the Shareholders' general meeting has the right to appoint one or more persons (who may not necessarily be Shareholders) as his or her proxy/ies to attend and vote at the meeting in his or her place. Pursuant to the authorization of the Shareholder, the proxy may exercise the following rights:

(I) Speak for the Shareholder at the general meeting;

(II) Demand a poll individually or with others; and

(III) Exercise the right to vote by a show of hands or a poll, but the Shareholder proxies may only exercise the right to vote by a poll when more than one proxy is appointed.

The Shareholder shall entrust the proxy via written power of attorney, which shall be signed by the principal or the proxy he entrusts in writing. If the principal is a legal person, the power of attorney shall be stamped with the seal of the legal person or signed by the director or the duly appointed proxy. If several persons are appointed as the shareholder 's proxies, the power of attorney shall specify the number of shares to be represented by each proxy. The proxy form shall be deposited at the address of the Company or other places specified in the notice of convening the meeting not less than twenty-four hours prior to the time to convene the meeting according to the proxy form or twenty-four hours prior to the designated time for voting.

Where the proxy form is signed by a person authorized by the principal, the power of attorney or other authorization instruments shall be notarized. The notarized power of attorney or other authorization instruments, together with the proxy form, shall be lodged at the address of the Company or such other place as specified in the notice to the meeting. In the case that the principal is a legal person, the proxy shall be authorized by the legal representative, the Board or other authority body of that legal person to attend the Company's general meeting.

Any form issued to Shareholders by the Board of Directors of the Company for the appointment of proxies shall enable Shareholders to freely instruct their proxies to vote for or against any resolution, and give separate instructions in respect of the matters to be voted on under each subject. The proxy form shall contain a statement that a proxy may vote at his own discretion in the absence of specific instructions from the Shareholder.

Where the principal is deceased, incapacitated to act, withdrawn from the appointment or the signed power of attorney, or where the relevant shares have been transferred prior to the voting, a vote given in accordance with the letter of authorization shall remain valid provided that no written notice of such event has been received by the Company prior to the commencement of the relevant meeting.

CALLS ON SHARES AND FORFEITURE OF SHARES

The Company shall have the right to cease delivering dividend warrants by post to the Shareholders of overseas listed foreign Shares. If such warrants have been left uncashed, such right can only be exercised after the dividend warrants have been left uncashed twice consecutively. However, if a dividend warrant fails to reach the expected recipient in the initial mail delivery and is returned, the Company may exercise the right promptly.

The Company shall have the right to sell the Shares of the Shareholders of overseas listed foreign Shares who are untraceable subject to the following conditions:

(I) the Company has distributed dividends on such Shares for at least three times in a period of twelve years and the dividends are not claimed by anyone during that period; and

(II) after the expiration of the twelve-year period, the Company makes a public announcement in newspapers, stating its intention to sell such Shares, and notifies the Stock Exchange of such intention.

INSPECTION OF REGISTER OF MEMBERS

The Company shall keep a register of Shareholders, which shall include the following particulars:

(I) the name (title), address (residence), occupation or nature of each shareholder;

(II) the class and number of shares held by each shareholder;

(III) the amount paid-up or payable in respect of shares held by each shareholder;

(IV) the serial numbers of the shares held by each shareholder;

(V) the date on which a person registers as a shareholder;

(VI) the date on which a person ceases to be a shareholder.

The register of shareholders shall be sufficient evidence of the holding of the Company's shares by a shareholder; unless there is evidence to the contrary.

The transfer and transmission of shares shall be entered into the register of Shareholders. Pursuant to the understanding reached and agreement entered into between the CSRC and the overseas securities regulatory authorities, the Company may keep an overseas register of the holders of the overseas-listed foreign Shares and entrust an overseas entity to manage it. The original register of Shareholders of overseas-listed foreign Shares Listed in Hong Kong shall be maintained in Hong Kong. And a duplicate of the same shall be maintained in the Company's residence; the appointed overseas agent(s) shall ensure the consistency between the original and the duplicate of the register of Shareholders of overseas listed foreign shares at all times. If there is any inconsistency between the original and the duplicate of the register of shareholders of overseas-listed foreign shares, the original version shall prevail. Different

parts of the register of Shareholders 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 parts of the register of Shareholders. When the Company convenes the general meeting, pays dividends, goes into liquidation and is involved in other actions that require the confirmation of equities, the Board of Directors shall fix a date as the equity registration date. Upon expiration of which the Shareholders whose names appear on the register of Shareholders shall be the Shareholders of the Company. Any person who objects to the register of Shareholders and requests to register his or her name (title) in the register of Shareholders, or to remove his or her name (title) from the register of Shareholders may apply to the court with jurisdiction to amend the register of Shareholders.

RIGHTS OF THE MINORITIES IN RELATION TO FRAUD OR OPPRESSION THEREOF

In addition to the obligations as required under laws, administrative regulations or the listing rules of the stock exchange(s) where the Company's Shares are listed, when exercising his rights as a Shareholder, a controlling Shareholder (under the definition of the following provisions) shall not make decision on the following issues that are detrimental to the interest of all or some of the Shareholders by exercising their voting rights:

(I) Relieving a Director or Supervisor of their responsibility to act in good faith for the best interests of the Company;

(II) Approving a Director or a Supervisor (for his/her own or for the benefit of others) in depriving the Company of its assets in any form, including (but not limited to) any opportunities that are advantageous to the Company;

(III) Approving a Director or a Supervisor (for his/her own or for the benefit of others) in depriving other Shareholders of their personal interests, including (but not limited to) any distribution rights and voting rights, but excluding the Company's restructuring submitted to the general meeting for approval in accordance with the Articles of Association. The controlling Shareholder(s) referred to in the preceding paragraph shall refer to the person(s) satisfying any of the following conditions:

(I) The person may elect more than half of the Director(s) when acting alone or in concert with others;

(II) The person may exercise or control the exercise of 30%or more of voting rights of the Company when acting alone or in concert with others;

(III) The person holds 30% or more of the outstanding Shares of the Company when acting alone or in concert with others;

(IV) The person may de facto control the Company in any other manner when acting alone or in concert with others.

PROCEDURES ON LIQUIDATION

The Company shall be dissolved and liquidated according to laws upon any of the following circumstances:

(I) A resolution for dissolution is passed at a general meeting;

(II) A merger or division of the Company for which a dissolution becomes necessary;

(III) The Company is announced bankrupt according to the laws due to overdue debts;

(IV) The Company is ordered to be close down for violation of laws and administrative regulations in accordance with the laws;

(V) Operation and management difficulties occur in the Company and significant losses will be incurred to the shareholders by this continuance, and such difficulties cannot be solved by other means, the shareholders holding more than 10% of the total voting rights of the Company may request people's courts to dissolve the Company;

(VI) The term of the Company's business operations has expired.

In the event of dissolution pursuant to Clauses (I) and (V) of the preceding article, the Company shall set up a liquidation committee within 15 days, and the members of the liquidation committee shall be decided by an ordinary resolution at the general meeting. If the liquidation committee is not duly set up, the creditors may request the People's Court to designate related persons to form a liquidation committee to carry out liquidation. If the Company is dissolved pursuant to Clause (III) of the preceding article, a liquidation committee comprising shareholders, the relevant departments and relevant professionals shall be arranged by the People's Court in accordance with relevant laws to carry out the liquidation. If the Company is dissolved pursuant to Clause (IV) of the preceding article, a liquidation committee comprising shareholders, the relevant departments and relevant professionals shall be arranged by the relevant supervisory authority to carry out the liquidation. Where the board of directors has decided to liquidate the Company for any reason other than the Company's declaration of its own insolvency, the Board of Directors shall state in the notice convening the general meeting that it has made full inquiry into the affairs of the Company and is of the opinion that the Company shall be able to settle its debts in full within 12 months from the commencement of the liquidation. The Board of Directors of the Company shall stop exercising its powers and functions upon passing of the resolution for a liquidation at the general meeting. The liquidation committee shall act in accordance with the instructions from the general meeting to report at least once every year to the meeting on the committee's income and expenses, the business and the progress of the liquidation of the Company; and to present a final report to the general meeting upon completion of the liquidation. The liquidation committee shall, within 10 days of its establishment, notify the creditors, and, within 60 days of its establishment, publish at least three times announcements on newspapers. The liquidation committee shall register creditor's rights. Creditors shall, within 30 days of receipt of the written notice, or for creditors who have not personally received such notice, shall within 45 days of the date of the announcement, contact the liquidation committee to claim their rights. In claiming their rights, the creditors shall explain matters relating to their rights and provide evidentiary materials.

During liquidation, the liquidation committee shall exercise the following functions and powers:

(I) to organize the Company's assets and prepare a balance sheet and an inventory of assets respectively;

(II) to notify or to publish an announcement to the creditors;

(III) to dispose of any continuing businesses of the Company in connection with the liquidation;

(IV) to pay outstanding taxes;

(V) to settle claims and debts;

(VI) to organize the remaining assets subsequent to the settlement of the Company's debts;

(VII) to represent the Company in civil proceedings.

Following the settlement of the Company's assets and the preparation of a balance sheet and an inventory of assets by the liquidation committee, the liquidation committee shall formulate a liquidation proposal and present it to the general meeting or the relevant competent authorities. The Company's assets shall be liquidated in accordance with the sequence required by laws and regulations, if there is no applicable law, such liquidation shall be carried out in accordance with a fair and reasonable sequence determined by the liquidation committee. Any assets of the Company remaining after payment has been made in accordance with the provisions of the preceding paragraph shall be distributed to its shareholders according to the class of shares and the proportion of shares held. During the liquidation period, the Company shall not commence new business activities. If the Company is liquidated due to dissolution, the liquidation committee shall immediately apply to the People's Court for a declaration of bankruptcy if it becomes aware, having settled the Company's assets, prepared a balance sheet and an inventory of assets, that the Company's assets are insufficient to repay its debts. Upon the Company being declared bankrupt by a ruling of the People's Court, the liquidation committee shall transfer to the People's Court all matters arising out of the liquidation. Following the completion of liquidation of the Company, the liquidation committee shall prepare a liquidation report, a statement of income and expenses and financial accounts for the liquidation, which shall be verified by a registered accountant in the PRC and submitted to the general meeting or the relevant competent authorities for confirmation.

The liquidation committee shall, within 30 days of such confirmation of general meeting or relevant competent authorities, submit the aforementioned documents to the Shanghai Pudong New Area Market Supervision Administration for an application for a cancelation of registration of the Company, and publish an announcement in respect of the termination of the Company.

ANY OTHER PROVISIONS MATERIAL TO THE PRC ISSUER OR THE SHAREHOLDERS THEREOF

General Provisions

The Company is a permanently existing joint stock limited liability company. The Company is an independent enterprise legal person. All capital of the Company is divided into shares with same par value per share, the liabilities of the shareholders of the Company shall be limited to the shares they hold, and the Company is liable for its debts to the extent of its entire assets. Shareholders may institute legal proceedings against the Company pursuant to the Articles of Association; the Company may institute legal proceedings against its Shareholders pursuant to the Articles of Association; Shareholders may institute legal proceedings against Shareholders pursuant to the Articles of Association; Shareholders may institute legal proceedings against the Directors, Supervisors, Manager and other senior management of the company pursuant to the Articles of Association.

Shareholders

The shareholders of the Company refer to the legal holders of shares of the Company, whose names (titles) are registered in the register of shareholders. The shareholders shall enjoy rights and assume obligations on the basis of the class and amount of shares held; shareholders who hold shares of the same class shall enjoy the same rights and assume the same obligations. All shareholders of different classes of the company shall rank pari passu among themselves as to dividends or distributions in any other form. The Company's shareholders of ordinary shares shall enjoy the following rights:

(I) the right to receive dividends and other distributions proportional to the number of shares held;

(II) the right to attend general meetings either in person or by proxy and exercise the voting right;

(III) the right to supervise, advise or inquire the business operating activities of the Company;

(IV) the right to transfer the shares according to the laws, administrative regulations and provisions of the Articles of Association;

(V) the right to obtain relevant information in accordance with provisions of the Articles of Association, including:

1. to obtain the Articles of Association, subject to payment of the cost;

2. to inspect and copy, subject to payment at a reasonable charge, of the followings:

a) all parts of the register of shareholders;

b) personal profiles of the Company's Directors, Supervisors, Manager and other members of senior management including: (1) their present and

former names and aliases; (2) their principal addresses (residence); (3) their nationalities; (4) their full-time and all other part-time occupations and duties; (5) their identification documents and the numbers thereof;

c) conditions on the Company's share capital;

d) the latest audited financial statement, and the report of the Board of Directors, auditors and the Board of Supervisors of the Company (classified by domestic shares and foreign shares);

e) special resolutions of the Company;

f) report(s) showing the aggregate par value, number, maximum and minimum price with respect to each class of shares repurchased by the Company since the end of the last accounting year, and the aggregate fees paid by the Company for this purpose;

g) a copy of the latest annual inspection report that has been filed with the Department of Administration of Industry and Commerce or other competent authorities of the PRC; and

h) minutes of Shareholders Meeting, and resolutions of meetings of the board of directors and the Board of Supervisors.

The Company shall make available the documents mentioned in Clauses (1) to (8) other than Clause (2) above and other applicable documents at its Hong Kong office for inspection, free of charge, by the public and shareholders in accordance with requirements of the Listing Rules (the documents mentioned in Clause (8) shall be available for inspection by shareholders only). If any shareholder needs to access the relevant information or obtain such material as set out in the preceding article, the said shareholder shall provide the Company with written documents evidencing the type and number of shares held by the said shareholder, and the Company shall provide such information as required by the said shareholder upon authentication of the said shareholder;

(VI) the right to receive distribution of the remaining assets proportional to the number of shares held when the Company dissolves or liquidates;

(VII) when the procedural requirements for repurchase of shares by the Company under the Articles of Association and relevant laws and regulations are met, Shareholders who disagree with the resolutions on the merger or division of the Company which are passed by the general meeting may require the Company to repurchase their shares;

(VIII) shareholders individually or jointly holding more than 3% of shares of the Company are entitled to propose extraordinary resolution in writing to the Board of Directors ten (10) days before the general meeting;

(IX) other rights conferred by the laws, administrative regulations, and the Articles of Association. The Company shall not otherwise stay or infringe any rights attached to any shares on the sole basis that the holders of such shares with direct or indirect interests in such shares have failed to disclose the said interests to the Company. The shareholders of ordinary shares of the Company shall assume the following obligations;

(X) to observe the Articles of Association;

(XI) to effect payment for the subscription of shares according to the number of shares subscribed and the method of contribution;

(XII) to assume other obligations as the laws, administrative regulations and the Articles of Association require. Shareholders are not liable to further contribution to any share capital other than such terms as agreed upon by the subscriber of the shares on subscription.

Board of Supervisors

The Company shall establish a Board of Supervisors. The Board of Supervisors shall supervise the Board of Directors, Directors, Manager and other members of senior management of the Company and shall prevent them from abusing powers, infringing interests of the shareholders, the Company and its employees.

The Board of Supervisors shall consist of three Supervisors, one of whom shall be appointed as the chairman of the Board of Supervisors. The term of office of a supervisor shall be three years, a supervisor may be re-elected upon the expiration of his/her term. The Board of Supervisors shall consist of two shareholder representatives and one employee representative of the Company. The shareholder representatives shall be elected and removed by the general meeting and the employee representatives shall be democratically elected and removed by employees of the Company. The chairman of the Board of Supervisors shall elected or removed by approval of more than half of all the supervisors. The chairman convenes and conducts meetings of the supervisory board. If the chairman cannot or does not carry out his duties, more than half of the supervisors will nominate a supervisor to convene and conduct the meeting. Directors, Manager, the chief financial officer or members of senior management of the Company shall not be concurrently appointed as Supervisors. The Board of Supervisors shall hold at least one meeting every six months, which shall be called by the chairman of the Board of Supervisors. Supervisors have right to propose the convening of an interim meeting of the Board of Supervisors.

The Board of Supervisors shall be held accountable to the general meeting and exercise the following functions and powers in accordance with the laws:

(I) to review the Company's financial affairs;

(II) to supervise the work of the Directors, Manager and other members of senior management who have violated laws, administrative regulations or the Articles of Association of the Company;

(III) to demand redress from Directors, manager or any other members of senior management should their acts be deemed against the Company's interests;

(IV) to review such financial information as the financial reports, business reports and any plans for distribution of profits to be submitted by the Board of Directors to the general meeting, and to retain, on the Company's behalf any certified public accountants or chartered auditors to assist in the review of such information should any doubt arises with respect thereof;

(V) to propose the convening of extraordinary general meetings;

(VI) to coordinate with Directors on behalf of the Company or initiate legal proceedings against the Directors;

(VII) other functions and powers designated by the general meetings.

A supervisor can attend the board meetings. All reasonable fees incurred in the retaining of such professionals as lawyers, certified public accountants or chartered auditors by the Board of Supervisors in the exercise of its functions and powers shall be borne by the Company. Supervisors shall fulfill their obligations of supervision in accordance with the provisions of the laws, administrative regulations and the Articles of Association of the Company.

Secretary to the Board of Directors

The Company shall have a Secretary to the Board of Directors, who shall be a member of the senior management of the Company. The secretary to the Company's Board of Directors shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the Board of Directors. A Director or senior management of the Company may be concurrently appointed as the Secretary to the Board of Directors. The accountant of the Accounting firm appointed by the Company cannot serve concurrently as the Secretary to the Board of Directors. In the event that the secretary to the Company's Board of Directors is held concurrently by a Director, and an action is required to be conducted separately by a Director and a Secretary, the person who holds the offices of Director and Secretary shall not perform such action in dual capacity.

Resolution of disputes

The Company shall abide by the following principles for dispute resolution:

(I) Any disputes or claims (i) between the Company and the Directors or Supervisors or members of senior management; and (ii) between holders of foreign shares (including holders of overseas listed foreign shares and holders of non-listed foreign shares) and the Company, between holders of foreign shares (including holders of overseas listed foreign shares and holders of non-listed foreign shares) and the Directors, Supervisors, manager or other members of senior management, and between holders of overseas listed foreign shares and holders of non-listed foreign shares or holders of domestic shares, with respect to any rights or obligations by virtue of the Articles of Association, the Company Law, the Special Provisions and any rights or obligations conferred upon or imposed by any other relevant laws and administrative regulations concerning the affairs of the Company, shall be submitted to arbitration by the parties concerned.

When the aforementioned disputes or claims of rights is submitted to arbitration, the entire claim or dispute shall be submitted to arbitration, and all persons whose causes of action were based on the same ground, giving rise to the dispute or claim or whose participation shall be necessary for the resolution of such dispute or claim, shall, where such person is the Company, Shareholders, Directors, Supervisors, Manager, or other members of senior management of the Company, comply with the arbitration. Disputes with respect to the definition of shareholders and disputes concerning the register of shareholders need not be resolved by arbitration.

(II) A claimant may select an arbitration to be administered either by the CIETAC in accordance with its Rules, or the HKIAC in accordance with its Securities Arbitration Rules. Once a claimant submits a dispute or claim of rights to arbitration, the other party must submit to the arbitration institution selected by the claimant. If a claimant selects the HKIAC as the arbitration institution, either party to the dispute or claim may apply for the arbitration venue to be in Shenzhen, in accordance with the Securities Arbitration Rules of the HKIAC.

(III) If any disputes or claims for rights as a result of Clause (I) are settled by arbitration, the laws of the PRC shall govern, except otherwise provided by the laws and administrative regulations.

(IV) The award of the arbitration shall be conclusive and binding on all the parties.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of Our Company

Our Company was established in the PRC on July 18, 2014 with an initial registered capital of RMB100,000. On December 8, 2020, our Company was converted to a joint stock company with limited liability under the PRC Company Law. Accordingly, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. The relevant PRC laws and regulatory provisions and a summary of our Articles of Association are set out in Appendices IV and V to this prospectus, respectively.

Our registered place of business in Hong Kong is at Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. We were registered as a non-Hong Kong Company under Part 16 of the Companies Ordinance on February 18, 2021. Mr. Yunqing Wang and Ms. Sarah Siu Ying Kwok have been appointed as our authorized representatives for the acceptance of service of process and notices in Hong Kong.

2. Changes in the Share Capital of Our Company

As at the date of our incorporation, our registered capital was RMB100,000, which was fully paid up by September 17, 2014. On November 24, 2020, our Company was converted into a joint stock company with limited liability. Our registered capital was RMB220,000,000 divided into 220,000,000 shares with a nominal value of RMB1.00 each.

The following alterations in the total issued share capital of our Company have taken place within the two years immediately preceding the date of this prospectus:

(a) On September 6, 2019, our Board resolved to increase the total registered share capital from RMB26,738,000 to RMB29,341,212 by subscription of registered capital of RMB2,603,212 by four investors and two of the then existing shareholders at the aggregate consideration of RMB48,680,000, of which RMB2,603,212 was converted into registered capital of our Company and the remaining RMB46,076,800 was converted to capital reserve. Such increase of registered capital was completed upon registration with Shanghai Pudong Market Superintend Management Bureau (上海市浦東新區市場監督管理局) on October 28, 2019.

(b) On November 1, 2019, our Board resolved to increase the total registered capital from RMB29,341,212 to RMB30,410,732 by subscription of registered capital of RMB1,069,520 by two investors at the aggregate consideration of RMB20,000,000, of which RMB1,069,520 was converted into registered capital of our Company and the remaining RMB18,930,480 was converted to capital reserve. Such increase of registered capital was completed upon registration with Shanghai Pudong Market Superintend Management Bureau on January 14, 2020.

(c) On September 4, 2020, our Board resolved to increase the total registered capital from RMB30,410,732 to RMB45,642,314 by subscription of registered capital of RMB15,231,582 by five investors and six of the then existing shareholders at the aggregate consideration of RMB298,602,683, of which RMB15,231,582 was converted into registered capital of our Company and the remaining RMB283,371,101 was converted to capital reserve. Such increase of registered capital was completed upon registration with Shanghai Pudong Market Superintend Management Bureau on September 18, 2020.

(d) On September 23, 2020, our Board resolved to increase the total registered capital from RMB45,642,314 to RMB59,816,372 by subscription of registered capital of RMB14,174,058 by three investors and four of the then existing shareholders at the aggregate consideration of RMB6,906,730 and USD57,957,344, of which RMB14,174,058 was converted into registered capital of our Company and the remaining was converted to capital reserve. Such increase of registered capital was completed upon registration with Shanghai Pudong Market Superintend Management Bureau on September 23, 2020.

Assuming the Over-allotment Option is not exercised, upon completion of the Global Offering, our issued share capital will increase to RMB243,937,000, made up of 100,107,425 Domestic Shares, 82,223,459 Unlisted Foreign Shares and 61,606,116 H Shares fully paid up or credited as fully paid up, representing 41.04%, 33.71% and 25.25% of our registered share capital, respectively.

For further details, please refer to the section headed "History, Development and Corporate Structure" in this prospectus. Save as disclosed above, there has been no alteration in our share capital within two years immediately preceding the date of this prospectus.

3. Changes in the Share Capital of Our Subsidiaries

Save as disclosed below, there has been no alteration in the share capital of any of our subsidiaries within the two years immediately preceding the date of this prospectus.

Hong Kong Bio-heart

On April 7, 2021, Hong Kong Bio-heart was incorporated in Hong Kong as a limited company with an issued share capital of RMB10,000,000.

4. Resolutions of the Shareholders of the Company Passed on December 10, 2020

Pursuant to the resolutions passed at a duly convened general meeting of our Shareholders on December 10, 2020, it was resolved, among others:

(a) our H Shares to be listed on the Stock Exchange be issued;

(b) subject to the completion of the Global Offering, the Articles of Association have been approved and adopted, which shall become effective on the Listing Date, and the Board has been authorized to amend the Articles of Association in accordance with any comments from the Stock Exchange and the relevant PRC regulatory authorities; and

(c) authorizing our Board to handle all relevant matters relating to, among other things, the implementation of issuance of H Shares and the Listing.

5. Restrictions on Repurchase

Please refer to Appendices IV and V to this prospectus for details.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF THE COMPANY

1. Summary of Material Contract

The following contract (not being contract entered into in the ordinary course of business) was entered into by our Group within the two years preceding the date of this prospectus and is or may be material:

(a) The Hong Kong Underwriting Agreement.

2. Our Material Intellectual Property Rights

(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of registration	Name of registered proprietor	Registration no.	Class	Validity period
1.	Bioheart百心安	PRC	Our Company	17780452	10	November 21, 2016 to November 20, 2026
2.	IberisBloom	PRC	AngioCare	20946332	10	October 7, 2017 to October 6, 2027
3.	Iberis	PRC	AngioCare	14177338	35	September 14, 2015 to September 13, 2025
4.	Iberis	PRC	AngioCare	14177310	42	April 21, 2015 to April 20, 2025

No.	Trademark	Place of registration	Name of registered proprietor	Registration no.	Class	Validity period
5.	Iberis	PRC	AngioCare	12593963	10	November 14, 2014 to November 13, 2024
6.	RDNCARE	PRC	AngioCare	11135737	10	November 21, 2013 to November 20, 2023
7.	ANGIOCARE	PRC	AngioCare	10943564	10	August 28, 2013 to August 27, 2023
8.	Bioheart百心安	Hong Kong	Our Company	305457105	9, 10, 35, 42, and 44	November 24, 2020 to November 24, 2030
9.	Bioheart百心安	PRC	Our Company	49261521	44	April 7, 2021 to April 6, 2031
10.	Bioheart百心安	PRC	Our Company	49248632	9	June 7, 2021 to June 6, 2031
11.	Bioheart百心安	PRC	Our Company	49253541	42	June 7, 2021 to June 6, 2031

As of the Latest Practicable Date, we had applied for the registration of the following trademarks, which we consider to be or may be material to our business:

No.	Trademark	Place of registration	Name of registered proprietor	Registration no.	Class	Application Date
1.	Bioheart百心安	PRC	Our Company	49250426	35	August 26, 2020
2.	BIO-LEAP	PRC	Our Company	53886845	35	February 26, 2021
3.	Bioheart Ultra	PRC	Our Company	53889321	44	February 26, 2021
4.	Bioheart Ultra	PRC	Our Company	53897707	42	February 26, 2021
5.	Bioheart Ultra	PRC	Our Company	53898810	9	February 26, 2021
6.	BIO-LEAP	PRC	Our Company	53898844	44	February 26, 2021
7.	Bioheart Ultra	PRC	Our Company	53900702	35	February 26, 2021
8.	BIO-LEAP	PRC	Our Company	53903263	42	February 26, 2021
9.	BIO-LEAP	PRC	Our Company	53903290	10	February 26, 2021

No.	Trademark	Place of registration	Name of registered proprietor	Registration no.	Class	Application Date
10.	Bioheart Ultra	PRC	Our Company	53905322	10	February 26, 2021
11.	BIO-LEAP	PRC	Our Company	53909819	9	February 26, 2021
12.	ANGIOCARE	PRC	AngioCare	10943565	35	May 21, 2012
13.	ANGIOCARE	PRC	AngioCare	59236459	10	September 15, 2021

(b) Patents

For discussion of the details of the material patents of our Company in relation to Bioheart® and Iberis® 2nd, respectively, please refer to the paragraph headed "Business — Intellectual Property Rights" in this prospectus.

(c) Domain Names

As of the Latest Practicable Date, we owned the following domain name which we consider to be material to or may be material to our business:

No.	Domain name	Registrant	Date of registration	Expiry date
1.	bio-heart.com	Our Company	September 29, 2014	September 29, 2030
2.	angiocare.com.cn	AngioCare	March 1, 2012	March 1, 2025

Save as aforesaid, as of the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights which were material in relation to our business.

C. FURTHER INFORMATION ABOUT DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of our Company and our associated corporations

The following table sets out the interests and short positions of our Directors and chief executive of our Company immediately following completion of the Global Offering (without taking into account the H Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option) in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, once our H Shares are listed:

For this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the Supervisors:

	Capacity/nature of interest	Class of Shares held after the Global Offering	Number of Shares	Approximate percentage of shareholding in the issued share capital of our Company as of the date of this prospectus	Approximate percentage of shareholding in the relevant class of Shares after the Global Offering (assuming no exercise of the Over-allotment Option)	Approximate percentage of shareholding in the issued share capital of our Company after the Global Offering (assuming no exercise of the Over-allotment Option)[1]
Mr. Wang[2]	Beneficial interest; interest in controlled corporation	Domestic Shares Unlisted Foreign Shares	53,364,501 53,359,262	24.26% 24.25%	53.31% 64.90%	21.88% 21.87%

Notes:

(1) The calculation is based on the total number of 243,937,000 Shares in issue immediately after completion of the Global Offering (without taking into account the H Shares which may be issued upon the exercise of the Over-allotment Option).

(2) Winning Powerful Limited is wholly owned by Mr. Wang. In addition, Mr. Wang is the sole executive partner of Shanghai Baixinantong and a limited partner who contributed more than one-third of the capital of Shanghai Baihate, each of which is a limited partnership established in the PRC and serves as an employee incentive platform. Accordingly, under the SFO, Mr. Wang is deemed to be interested in the equity interests held by Winning Powerful Limited, Shanghai Baixinantong and Shanghai Baihate, in addition to the equity interests he directly owns.

(b) Interests of the substantial shareholders in the Shares

Save as disclosed in the section headed "Substantial Shareholders", immediately following the completion of the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, our Directors are not aware of any other person (not being a Director or chief executive of our Company) who will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

(c) Interests of the substantial shareholders of other members of our Group

As of the Latest Practicable Date, so far as our Directors are aware, the following persons (other than our Directors or chief executive of our Company) were interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Name of members of our Group	Name of Shareholder	Approximate percentage of shareholding
AngioCare	TERUMO (China) Holdings Co., Ltd. (泰爾茂(中國)投資有限公司)	24.31%
AngioCare	Jiaxing Liangyuan Equity Investment Partnership (Limited Partnership) (嘉興量元股權投資合夥企業(有限合夥))	10.00%

2. Particulars of Directors' and Supervisors' Service Contracts

Pursuant to Rules 19A.54 and 19A.55 of the Listing Rules, we have entered into a contract with each of our Directors and Supervisors in respect of, among other things, compliance with relevant laws and regulations, observance of the Articles of Association and provisions on arbitration.

Save as disclosed in this prospectus, none of our Directors and Supervisors has or is proposed to have entered into any service contract with any member of our Group (excluding agreements expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

3. Remuneration of Directors and Supervisors

The aggregate amount of remuneration which was paid to our Directors and Supervisors (including fees, salaries, allowances and benefits in kind, performance related bonuses, pension scheme contributions, and equity-settled share award expenses) for the two years ended December 31, 2019 and 2020 and the six months ended June 30, 2021 were RMB0.7 million, RMB88.0 million and RMB161.1 million, respectively.

It is estimated that the aggregate amount of remuneration (including fees, salaries, allowances and benefits in kind, performance related bonuses, pension scheme contributions, and equity-settled share award expenses) payable to Directors and Supervisors for the year ended December 31, 2021 will be approximately RMB87.7 million (including equity-settled share award expenses of RMB86.1 million) under arrangements in force at the date of this prospectus.

The aggregate amount of remuneration which were paid by the Group to our five highest paid individuals (excluding Directors and Supervisors) for the two years ended December 31, 2019 and 2020 and the six months ended June 30, 2021 were RMB1.6 million, RMB7.8 million and RMB14.4 million, respectively.

None of our Directors or any past directors of any member of the Group has been paid any sum of money for the two years ended December 31, 2019 and 2020 and the six months ended June 30, 2021 as (a) an inducement to join or upon joining the Company; or (b) for loss of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group.

There has been no arrangement under which a Director has waived or agreed to waive any emoluments for the two years ended December 31, 2019 and 2020 and the six months ended June 30, 2021.

4. Disclaimers

Save as disclosed in this prospectus:

(a) none of our Directors, Supervisors or our chief executive has any interest or short position in the Shares, underlying Shares or debentures of us or any of our associated corporations (within the meaning of Part XV the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers once the H Shares are listed on the Stock Exchange;

(b) none of our Directors or Supervisors is aware of any person (not being a Director or chief executive of the Company) who will, immediately following completion of the Global Offering (without taking into account any H Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option), have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group; and

(c) so far as is known to our Directors, none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders who own more than 5% of the number of issued shares of the Company have any interests in the five largest customers or the five largest suppliers of the Group.

(d) save as disclosed in this prospectus, none of our Directors, Supervisors or any of the parties listed in "8. Qualifications of Experts" of this Appendix is:

(i) interested in our promotion, or in any assets which have been, within two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Group; or

(ii) materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business.

D. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries under the laws of the PRC.

2. Litigation

Except as disclosed in this prospectus, as of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against any member of our Group, that would have a material adverse effect on our Group's results of operations or financial condition, taken as a whole.

3. Preliminary expenses

As of the Latest Practicable Date, our Company has not incurred any preliminary expenses.

4. Promoter

Save as disclosed in this prospectus, within the two years preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to any Promoter in connection with the Global Offering and the related transactions described in this prospectus.

5. Taxation of Holders of H Shares

(1) Hong Kong

The sale, purchase and transfer of H Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of or, if higher, of the fair value of our Shares being sold or transferred. For further details in relation to taxation, please refer to Appendix III to this prospectus.

(2) Consultation with professional advisers

Potential investors in the Global Offering are urged to consult their professional tax advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in our Shares (or exercising rights attached to them). None of us, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, or any other person or party involved in the Global Offering accept responsibility for any tax effects on, or liabilities of, any person, resulting from the subscription, purchase, holding or disposal of, dealing in or the exercise of any rights in relation to our Shares.

6. Application for Listing

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the H Shares in issue and to be issued as mentioned in this prospectus and the H Shares to be converted from the Unlisted Foreign Shares upon completion of the Global Offering. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

7. No Material Adverse Change

Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in the financial or trading position or prospect of our Group since June 30, 2021 (being the date to which the latest audited consolidated financial statements of our Group were prepared).

8. Qualifications of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given their opinion and/or advice in this prospectus are as follows:

Name	Qualifications
Huatai Financial Holdings (Hong Kong) Limited	Licensed corporation under the SFO for Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities as defined under the SFO
Ernst & Young	Certified public accountants and *Registered Public Interest Entity Auditor*
AllBright Law Offices	PRC Legal Adviser
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant
JunHe LLP Shanghai Office	PRC intellectual property legal adviser

As of the Latest Practicable Date, none of the experts named above had any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

9. Consents

Each of the experts named in paragraph headed "8. Qualifications of Experts" above has given and has not withdrawn their respective written consents to the issue of this prospectus with the inclusion of their reports and/or letters and/or the references to their names included herein in the form and context in which they are respectively included.

10. Sole Sponsor's Independence

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor's fees payable by us in respect of the Sole Sponsor's services as sponsor for the Listing are US$500,000.

11. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

12. Miscellaneous

Save as otherwise disclosed in this prospectus:

(a) within the two years preceding the date of this Prospectus, our Company has not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash;

(b) no Share or loan capital of our Company, if any, is under option or is agreed conditionally or unconditionally to be put under option;

(c) our Company has not issued nor agreed to issue any founder shares, management shares or deferred shares;

(d) our Company has no outstanding convertible debt securities or debentures;

(e) within the two years immediately preceding the date of this Prospectus, no commission, discount, brokerage or other special term has been granted or agreed to be granted in connection with the issue or sale of any capital of our Company any of our subsidiaries;

(f) there is no arrangement under which future dividends are waived or agreed to be waived;

(g) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months;

(h) our Company is not presently listed on any stock exchange or traded on any trading system; and

(i) our Company currently does not intend to apply for the status of a sino-foreign investment joint stock limited company and does not expect to be subject to the Sino-Foreign Joint Venture Law of the PRC.

Resignation of Directors during the Track Record Period

Kun Yang, Jing Bao, Yin Zhu, Kui Ding and Jay Qin resigned as directors of companies within the Group during the Track Record Period for the following reasons:

(a) Kun Yang, Jing Bao and Yin Zhu

Kun Yang, Jing Bao and Yin Zhu are friends of Mr. Wang.

Kun Yang and Jing Bao were appointed as Directors by Winning Powerful Limited, a shareholder of the Company wholly owned by Mr. Wang. Yin Zhu was appointed as a Director by Winning Forward International Limited, a shareholder of the Company wholly owned by Yin Zhu himself. Winning Forward International Limited was not granted any special rights enjoyed by the Pre-IPO Investors as detailed in the section headed "History, Development and Corporate Structure — Pre-IPO Investments — Rights of the Pre-IPO Investors" in this Prospectus.

Upon the introduction of the Series C Investors and the Series D Investors in September 2020, new shareholders' agreements were agreed and entered into among the then Shareholders, which stipulated the director nomination rights of certain Pre-IPO Investors.

As a result of the change in the Pre-IPO Investors' director nomination rights, each of Kun Yang and Jing Bao resigned on a voluntary and amicable basis to release seats from the Board to be occupied by the new Directors appointed by the Pre-IPO Investors who were granted director nomination rights following the Series C Financing and the Series D Financing. Likewise, in anticipation of the future rounds of financing of the Company and the consequential appointment of new Directors, Yin Zhu resigned on a voluntary and amicable basis to attend to his personal commitments and release seats from the Board.

(b) Kui Ding

Kui Ding was appointed as a Director by and represented Kaitaixin Investment, a former shareholder of the Company. Upon the introduction of Series A Investors, a capital increase agreement dated September 6, 2019 (the "**Series A Agreement**") was entered into by and amongst the Company, certain Series A Investors and the then existing Shareholders (including Kaitaixin Investment) of the Company, pursuant to which Kaitaixin Investment was not granted any director nomination right. As a result, Kui Ding, as the then board representative of Kaitaixin, resigned from the Board to give effect to the board composition agreed in the Series A Agreement.

(c) Changning Hao

Changning Hao was appointed as a Director by and represented Suzhou Chenzhide, one of the Company's Pre-IPO Investors. As Changning Hao resigned from Suzhou Chenzhide, Suzhou Chenzhide decided internally to replace him with Ji Chen as a Director.

(d) Jay Qin

Prior to his resignation as a director of AngioCare, Jay Qin's substantive role in AngioCare was a technology consultant to assist with the early stage research and development work of AngioCare. When such research and development work reached a mature stage and Jay Qin's assistive role in AngioCare gradually diminished, he voluntarily resigned from his directorship in AngioCare to focus on his other personal commitments.

The Directors confirm that, up to the Latest Practicable Date, the Group had not had any dispute or disagreement with any of the above resigned Directors.

13. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were (i) a copy of the **GREEN** Application Form; (ii) a copy of the material contract referred to in the paragraph headed "B. Further Information about the Business of the Company — 1. Summary of Material Contract" in Appendix VI to this prospectus; and (iii) the written consents issued by each of the experts and referred to in paragraph headed "D. Other information — 8. Qualifications of Experts" in Appendix VI to this prospectus.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.bio-heart.com** during a period of 14 days from the date of this prospectus:

(a) the Articles of Association;

(b) the Accountants' Report prepared by Ernst & Young, the text of which is set out in Appendix IA to this prospectus;

(c) the Accountants' Report of AngioCare prepared by Ernst & Young, the text of which is set out in Appendix IB;

(d) the audited consolidated financial statements of the Group for the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021;

(e) the report received from Ernst & Young on the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus;

(f) the industry report prepared by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. referred to in the section headed "Industry Overview" in this prospectus;

(g) the PRC legal opinions issued by Allbright Law Offices, our legal adviser on PRC law, in respect of our general matters and property interests;

(h) the intellectual property due diligence report prepared by JunHe LLP Shanghai Office referred to in the section headed "Risk Factors" in this prospectus;

(i) the material contract referred to in the paragraph headed "B. Further Information about the Business of the Company — 1. Summary of Material Contract" in Appendix VI to this prospectus;

(j) the service agreements and letters of appointment referred to in "C. Further Information about Directors and Substantial Shareholders — 2. Particulars of Directors' and Supervisors' Service Contracts" in Appendix VI to this prospectus;

(k) the written consents referred to in the paragraph headed "D. Other Information — 9. Consents" in Appendix VI to this prospectus; and

(l) the PRC Company Law, the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies and the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas together with unofficial English translations thereof.


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