SUMMARY

***This summary aims to give you an overview of the information contained in this document 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 document. As this is a summary, it does not contain all the information that may be important to you, and we urge you to read this document in its entirety before making your investment decision. There are risks associated with any investment. Some of the particular risks in investing in the* [REDACTED] *are set out in the section headed "Risk Factors" in this document. You should read that section carefully before you decide to* [REDACTED] *in the* [REDACTED].**

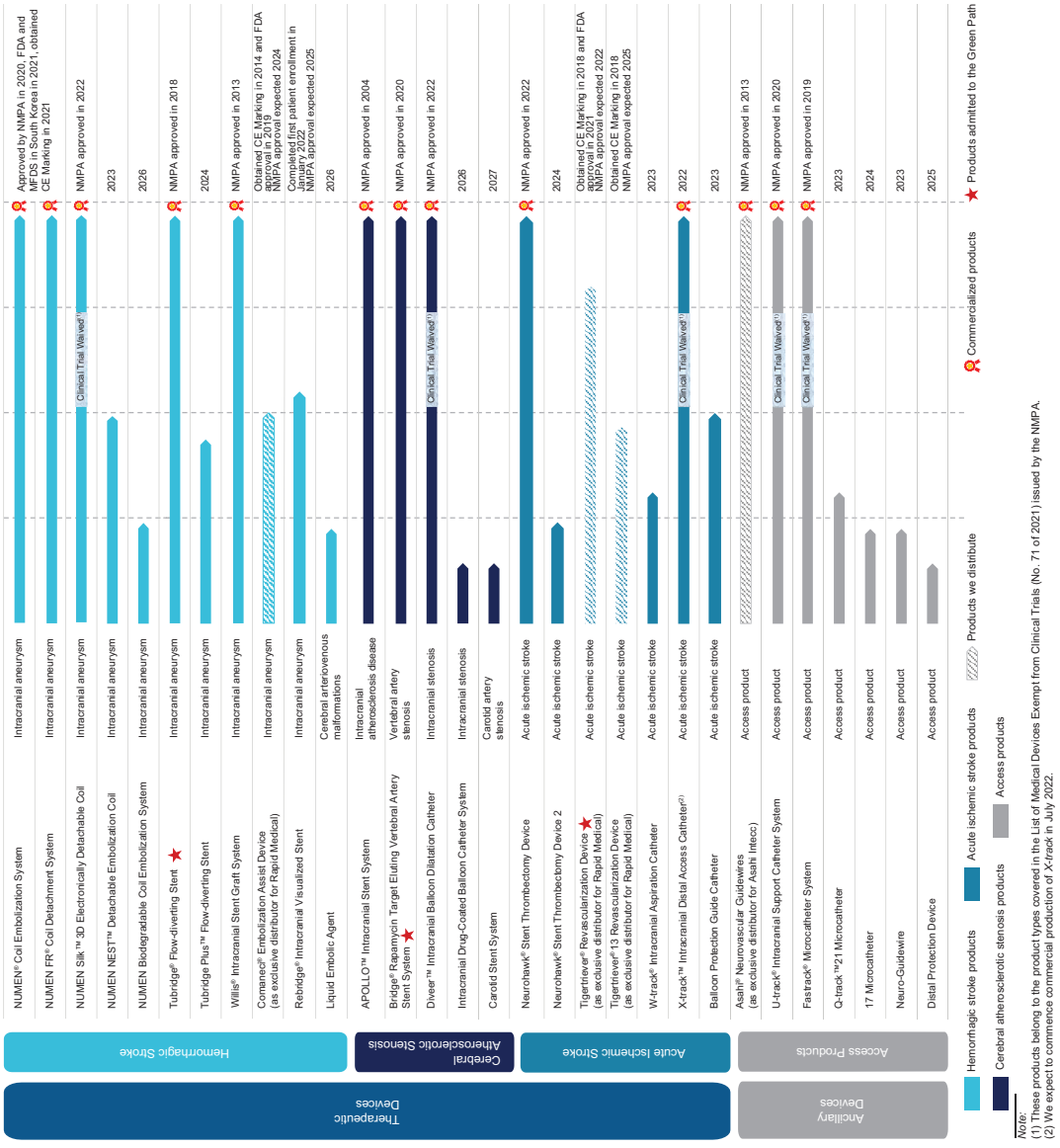
OVERVIEW

We are a China-based company in the neuro-interventional medical device industry, dedicated to providing innovative solutions for physicians and patients. Since our first product approval in 2004, we had, as of the Latest Practicable Date, amassed a total of 30 assets in our portfolio, including ten therapeutic products and three access products approved and commercialized in China and 17 product candidates under development. We boast a comprehensive portfolio of approved therapeutic products covering all of the three major areas of neurovascular disease, namely hemorrhagic stroke, cerebral atherosclerotic stenosis and acute ischemic stroke (AIS). In the field of hemorrhagic stroke, the largest segment of the neuro-interventional medical device industry in China by product sales, we have commercialized products covering key therapeutic categories, including embolization coils, flow-diverting stents and stent grafts, according to CIC. In addition to approvals in China, *NUMEN* and *NUMEN FR*, two of our flagship embolization coil products, have been approved in the United States, the European Union and South Korea. We plan to establish a R&D and production center in the United States to supply the global market and to move forward with our global expansion. China's neuro-interventional medical device market has been dominated by internationally renowned companies. According to CIC, we are the only Chinese company among the top five players in this market in terms of revenue in 2020, with a market share of approximately 4%.

Stroke is the leading cause of death in China, accounting for over 20% of total mortalities in 2020, with high incidence rates. According to CIC, China had an incidence of 0.8 million hemorrhagic stroke patients, 0.5 million transient ischemic attack (a condition commonly associated with cerebral atherosclerotic stenosis) patients and 1.7 million AIS patients in 2020. The penetration rate of neuro-interventional procedures in the fields of hemorrhagic stroke, cerebral atherosclerotic stenosis and AIS in China remained relatively low at 9.1%, 1.0% and 2.7%, respectively, in 2020, suggesting significant potential for development. According to CIC, the size of the neuro-interventional medical device industry in China is expected to expand from RMB5.8 billion in 2020 to RMB17.5 billion in 2026, at a CAGR of 20.1%.

SUMMARY

Through 18 years of development, we have gained technological expertise and R&D achievements that stand out in China. As of the Latest Practicable Date, we had five approved hemorrhagic stroke products, three approved cerebral atherosclerotic stenosis products and two approved AIS products. As of the same date, we had three products that had been admitted to the NMPA's innovative medical device special review and approval procedure (known as the "Green Path"), which is a selective program under which the NMPA provides support throughout the registration process and grants priority review to qualified medical device candidates. In addition, four self-developed products had obtained 16 national or regional awards as of the Latest Practicable Date. The following chart summarizes our product portfolio as of the Latest Practicable Date:



OUR PRODUCT PORTFOLIO

Commercialized Therapeutic Products

Hemorrhagic Stroke Products

*NUMEN® Coil Embolization System ("*NUMEN*"), NUMEN FR® Coil Detachment System ("*NUMEN FR*") and NUMEN Silk™ 3D Electronically Detachable Coil ("*NUMEN Silk*")*

NUMEN and *NUMEN FR* (a detachment system) are used together to treat intracranial aneurysm by closing off blood inflow, preventing it from further expanding and bursting, through dense placement of several embolic coils within the target aneurysm. *NUMEN* has 177 specifications with different diameters, lengths and softness levels, providing a full range of embolization options in the coiling procedure. *NUMEN Silk*, an upgrade version of *NUMEN*, was approved by the NMPA in February 2022.

*Tubridge® Flow-diverting Stent ("*Tubridge*")*

Tubridge is a flow-diverting stent that alters the flow between the parent artery and the aneurysm and is specifically indicated for large aneurysms or giant aneurysms. According to CIC, *Tubridge* was the first neuro-interventional medical device that entered the Green Path, and was also the first and remains the only Chinese-developed flow-diverting stent approved by the NMPA.

*Willis® Intracranial Stent Graft System ("*Willis*")*

Willis is a stent graft indicated for treating intracranial aneurysm. According to CIC, *Willis* was the first and remains the only intracranial stent graft for treating cerebral vessel diseases in the world.

Cerebral Atherosclerotic Stenosis Products

*APOLLO™ Intracranial Stent System ("*APOLLO*")*

APOLLO is designed to treat patients suffering from intracranial atherosclerotic disease (ICAD). According to CIC, *APOLLO* was the world's first approved stent system to treat ICAD.

*Bridge® Rapamycin Target Eluting Vertebral Artery Stent System ("*Bridge*")*

Bridge is designed to treat patients suffering from symptomatic vertebral artery stenosis. According to CIC, *Bridge* was the first vertebral artery drug-eluting stent (DES) admitted to the Green Path.

*Diveer™ Intracranial Balloon Dilatation Catheter ("*Diveer*")*

Diveer is used in interventional procedures for intracranial stenosis, which, when placed in the lesion, compresses the plaque through balloon dilatation and at the same time widens the lumen of the artery and keeps it open.

Acute Ischemic Stroke Product

*Neurohawk® Stent Thrombectomy Device ("*Neurohawk*")*

Neurohawk is a stent retriever used to remove clots in blood vessels. *Neurohawk* is our self-developed stent retriever system with full visualization. We commenced commercial production of *Neurohawk* in March 2022 and sales in June 2022.

*X-track™ intracranial distal access catheter ("*X-track*")*

X-track is designed for the introduction of a wide range of neuro-interventional therapeutic devices and is used in neuro-interventional procedures to facilitate the delivery of stent to reach the distal point in target blood vessels. We obtained NMPA approval in April 2022 and expect to commence commercial production of *X-track* in July 2022.

For details of our commercialized products and product candidates under development, see "Business—Our Product Portfolio."

We may be unable to successfully develop and commercialize our product candidates. For risks relating to the process of obtaining regulatory approvals and compliance with appropriate laws and regulations, see "Risk Factors—Risks Relating to Government Regulation."

SUMMARY OF MARKET OPPORTUNITIES AND COMPETITIVE LANDSCAPE

The neuro-interventional medical device industry in China is fast growing and highly competitive. We face competition with both internationally renowned companies, which currently dominate this market, and emerging domestic neuro-interventional medical device companies that have entered the market with affordable alternatives. Changes in market competition may cause downward pricing pressure and prevent us from effectively penetrating into hospitals, which may have a material adverse effect on our business and results of operations. See "Risk Factors—Risks Relating to Commercialization and Distribution of Our Products" for details. We believe we are well positioned to compete in this market with our strengths in product performance, R&D capabilities, distribution and marketing networks, proprietary manufacturing processes and brand recognition. For information about competition in the relevant markets, please refer to "Industry Overview" in this document.

COMPETITIVE STRENGTHS

We believe the following strengths contribute to our success:

- Largest Chinese neuro-interventional medical device company with comprehensive product portfolio;
- Strong R&D capability and effective R&D model creating multiple technological breakthroughs in China and worldwide;
- Proven commercialization capabilities with the highest revenue among Chinese neuro-interventional medical device companies;
- Increasing global visibility with strategic partnerships for further expansion;
- Efficient management of supply chain to ensure top quality and large-scale production; and
- Visionary and experienced management team and strong synergy with controlling shareholder MicroPort.

OUR STRATEGIES

Our mission is to provide accessible, top-quality and comprehensive solutions for stroke patients. We plan to implement the following strategies to achieve this mission:

- Promote universal and affordable neuro-interventional solutions to patients;
- Continue to enhance our innovation capability, expand product portfolio and achieve full solution for neurovascular disease;
- Comprehensive global strategy to expand our international layout;
- Continue to improve our operating efficiency, enlarge production scale and enhance economies of scale; and
- Continue to cooperate with enterprises in the neuro-intervention industry worldwide.

RESEARCH AND DEVELOPMENT

We are engaged in ongoing R&D activities to expand the application of our products and to deliver clinically advanced new products with enhanced features, such as improved efficacy, safety, reliability and ease of use. For the years ended December 31, 2019, 2020 and 2021, our total research and development costs amounted to RMB38.2 million, RMB53.0 million and RMB94.1 million, accounting for 38.6%, 44.1% and 39.4% of our total operating expenses, respectively.

As of the Latest Practicable Date, our in-house R&D team consisted of 137 members. Over 50% of our team members have a master's degree or a doctoral degree and approximately 40% had previously worked at multinational pharmaceutical and medical device companies. Our R&D team is primarily responsible for the initiation and proposal of new R&D projects, specifically including design planning, prototyping and verification. Our R&D team also provides technical support for all subsequent steps in product development and commercialization, including clinical trials, product registration and quality management. In addition, we have designed and built various technology platforms to meet our R&D, manufacturing and quality control needs. For details, see "Business—Research and Development—Our Technology Platforms."

MANUFACTURING

During the Track Record Period, we conducted manufacturing activities primarily at our manufacturing facility located in our leased properties in Zhoupu, Shanghai, with an aggregate GFA of approximately 2,300 sq.m. To expand our manufacturing capability as the market demand continues to grow, we constructed another manufacturing facility in our leased properties in Zhangjiang, Shanghai, with an aggregate GFA of approximately 7,000 sq.m. We obtained the production permit for this facility in May 2022. As of the Latest Practicable Date, we manufactured our commercialized stent, coil and catheter products at these facilities with an annual production capacity of approximately 110,000 units.

SALES, DISTRIBUTION AND MARKETING

In line with the medical device industry norm in China, we adopt a distributorship model, which we believe allows us to leverage the distributors' customer bases and expertise in local markets.

During the Track Record Period, all of our products were sold through distributors. We primarily operate a multi-layer distribution system, where a majority of our products are sold from distributors to sub-distributors, and such sub-distributors on-sell our products to hospitals through their own sales and distribution networks; and a relatively small proportion of our products are sold from our distributors directly to hospitals. We believe that the multi-layer distribution system allows us to reach a broader group of end-customers leveraging the sub-distributors' local networks and expertise. We had penetrated into approximately 2,400 hospitals as of the Latest Practicable Date, among which over 1,400 are Class III hospitals.

Pricing

We take into account a number of factors in determining the prices of our products sold to distributors, such as prices of competing products, our manufacturing costs, patient affordability and the differences in features between our products and competing products. We from time to time consider adjusting the prices sold to distributors according to the market conditions and competition.

As of the Latest Practicable Date, there was no price guidance set by the PRC government on neuro-interventional medical devices. If the PRC government sets such a price guidance, the prices of our products may be negatively affected. See "Risk Factors—Downward change in pricing of our products caused by changes in market competition may have a material adverse effect on our business and results of operations."

OUR CUSTOMERS

Our direct customers include distributors in China and overseas. In the years ended December 31, 2019, 2020 and 2021, the aggregate sales to our five largest customers were RMB155.2 million, RMB218.5 million and RMB357.7 million, representing 84.5%, 98.4% and 93.5% of our revenue, respectively. Sales to our largest customer for the same periods were RMB122.4 million, RMB129.9 million and RMB110.5 million, representing 66.6%, 58.5% and 28.9% of our revenue, respectively. Our largest customer in 2019 and 2020 is an Independent Third Party and a distributor of our various products, such as *APOLLO*, *Tubridge*, *NUMEN*, *NUMEN FR*, *Bridge* and *Fastrack*. Our largest customer in 2021 is an Independent Third Party and is another distributor of our various products. The decrease in sales to our largest customer during the Track Record Period was primarily a result of our efforts in diversifying our distribution channels. None of our Directors or their associates, and none of our existing Shareholders who (to the knowledge of our Directors) own more than five percent of our issued share capital, have any interest in any of our five largest customers.

OUR SUPPLIERS

To ensure the quality of our raw materials, we only procure them from selected suppliers that can satisfy our stringent raw material requirements and quality standards. In the years ended December 31, 2019, 2020 and 2021, purchases from our five largest suppliers amounted to RMB45.8 million, RMB57.0 million and RMB88.7 million, respectively, accounting for 61.0%, 54.7% and 48.4%, respectively, of our total purchases for the same periods. Purchases from our largest supplier for the same periods totaled RMB24.1 million, RMB38.2 million and RMB43.0 million, representing 32.1%, 36.7% and 23.5% of our total purchases, respectively. Our largest supplier during the Track Record Period was Asahi Intecc, which has engaged us as its exclusive

distributor for its neurovascular guidewires in mainland China since November 2016. Except for MicroPort Group, all of our five largest suppliers during the Track Record Period were Independent Third Parties. Save as disclosed above, none of our Directors or their associates, and none of our existing Shareholders who (to the knowledge of our Directors) own more than five percent of our issued share capital, have any interest in any of our five largest suppliers.

INTELLECTUAL PROPERTY RIGHTS

As of the Latest Practicable Date, we had 102 patents and 113 trademarks in China. As of the same date, we had also obtained 30 patents and 47 trademarks overseas. In addition, we had 200 patent and 23 trademark applications pending in and outside China as of the Latest Practicable Date. All of the patents that we owned or applied for are related to self-developed technologies by our R&D teams.

SUMMARY OF KEY FINANCIAL INFORMATION

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

Summary of Consolidated Statements of Profit or Loss

	For the year ended December 31,		
	2019	**2020**	**2021**
		RMB'000	
Revenue	183,720	221,923	382,799
Cost of sales	(37,266)	(57,140)	(84,445)
Gross profit	146,454	164,783	298,354
Other net income	6,452	11,463	25,299
Research and development costs	(38,166)	(53,037)	(94,133)
Selling and marketing expenses	(45,150)	(48,215)	(69,228)
Administrative expenses	(15,286)	(18,130)	(47,243)
Other operating costs	(200)	(1,000)	(28,320)
Profit from operations	**54,104**	**55,864**	**84,729**
Finance costs	(1,693)	(4,467)	(45,309)
Share of losses of an associate	–	–	(7,517)
Profit before tax	**52,411**	**51,397**	**31,903**
Income tax expense	(5,436)	(6,110)	(7,733)
Profit for the year and attributable to equity shareholders of the Company	**46,975**	**45,287**	**24,170**

NON-HKFRS MEASURES

To supplement our consolidated statements of profit or loss which are presented in accordance with HKFRSs, we also use adjusted net profit and adjusted net profit margin, which are not required by, or presented in accordance with, HKFRSs. The presentation of such non-HKFRS measures when shown in conjunction with the corresponding HKFRS measures facilitates a comparison of our operating performance by eliminating the impact of interest on other financial liabilities, interest on convertible bonds and **[REDACTED]** expenses and the related income tax impact. Such non-HKFRS measures

allow investors to consider metrics used by our management in evaluating our performance. The use of the non-HKFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for or superior to, an analysis of our results of operations or financial condition as reported under HKFRSs. In addition, the non-HKFRS financial measures may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies.

The following table shows reconciliation of net profit for the year to our adjusted net profit for the years indicated:

	For the year ended December 31,		
	2019	2020	2021
		RMB'000	
Profit for the year	**46,975**	**45,287**	**24,170**
Excluding the impacts of:			
Interest on other financial liabilities[(1)]	–	–	(19,660)
Interest on convertible bonds[(2)]	–	(2,262)	(22,875)
[REDACTED] expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Income tax impact	–	–	1,131
Adjusted net profit for the year (unaudited)[(3)]	**46,975**	**47,549**	**91,912**
Net profit margin (%)	**25.6**	**20.4**	**6.3**
Adjusted net profit margin (%)[(4)]	**25.6**	**21.4**	**24.0**

Notes:

(1) Interest on other financial liabilities represents interest expense in relation to the financial liabilities of the Series A-1 Preferred Shares and the Series A-2 Preferred Shares. In November 2021, the Convertible Bonds (see note 2 below) were converted to an aggregate of 11,759,125 Series A-1 Preferred Shares. In the same month, we completed the 2021 Pre-**[REDACTED]** Investments, pursuant to which (i) we allotted 2,032,495 Series A-2 Preferred Shares to the 2021 Pre-**[REDACTED]** Investors; and (ii) MP Scientific agreed to transfer 7,720,432 ordinary shares of the Company to the 2021 Pre-**[REDACTED]** Investors, which were then reclassified and redesignated as the Series A-2 Preferred Shares. The Series A-1 Preferred Shares and the Series A-2 Preferred Shares will automatically convert into Shares upon **[REDACTED]**, at which time the other financial liabilities will be re-designated from liability to equity.

(2) Interest on convertible bonds primarily represents interest expenses arising from the Convertible Bonds. In October and December 2020, we entered into a subscription agreement and an amendment agreement, pursuant to which we issued certain convertible bonds to BioLink Limited and BioLink NT. The Convertible Bonds bore an interest rate at 4% per annum with a maturity of two years. In November 2021, the Convertible Bonds were converted to the Series A-1 Preferred Shares (see note 1 above).

(3) **[REDACTED]** expenses, interest on other financial liabilities and interest on convertible bonds are in relation to our financing activities, rather than operating activities.

(4) Representing adjusted net profit divided by revenue for the year and multiplied by 100%.

Our revenue increased rapidly during the Track Record Period, which amounted to RMB183.7 million, RMB221.9 million and RMB382.8 million in the years ended December 31, 2019, 2020 and 2021, respectively, primarily reflecting an increase in revenue from sales of medical devices. We generated substantially all of our revenue from sales of medical devices during the Track Record Period, which amounted to RMB182.7 million, RMB220.5 million and RMB381.4 million in the years ended December 31, 2019, 2020 and 2021, respectively, mainly driven by an increase in the sales volume of existing products and the commercialization of additional products. During the Track

Record Period, five products were approved and commercialized, including *NUMEN*, *NUMEN FR*, *Bridge*, *U-track* and *Fastrack*.

The following table sets forth the breakdown of revenue and gross profit margin of sales of medical devices by product type for the periods indicated.

	For the year ended December 31,								
	2019			2020			2021		
	Revenue		Gross profit margin	Revenue		Gross profit margin	Revenue		Gross profit margin
	RMB'000	*%*	*%*	*RMB'000*	*%*	*%*	*RMB'000*	*%*	*%*
Hemorrhagic stroke products	80,190	43.9%	85.2%	100,440	45.6%	77.2%	213,937	56.1%	82.6%
Cerebral atherosclerotic stenosis products	76,397	41.8%	87.7%	78,730	35.7%	88.9%	113,018	29.6%	88.0%
Access products	26,155	14.3%	40.0%	41,298	18.7%	38.9%	54,470	14.3%	39.8%
Total	**182,742**	**100.0%**	**79.8%**	**220,468**	**100.0%**	**74.2%**	**381,425**	**100.0%**	**78.1%**

During the Track Record Period, a significant portion of our revenue was generated from the sales of hemorrhagic stroke products. Revenue from the sales of hemorrhagic stroke products increased from RMB80.2 million in 2019 to RMB100.4 million in 2020 and further increased to RMB213.9 million in 2021. During the Track Record Period, we also generated a significant portion of our revenue from the sales of cerebral atherosclerotic stenosis products. For the years ended December 31, 2019, 2020 and 2021, we recorded revenue from the sales of cerebral atherosclerotic stenosis products of RMB76.4 million, RMB78.7 million and RMB113.0 million, respectively. For the years ended December 31, 2019, 2020 and 2021, we also recorded revenue from the sales of access products RMB26.2 million, RMB41.3 million and RMB54.5 million, respectively.

Our gross profit margin for hemorrhagic stroke products decreased from 85.2% in 2019 to 77.2% in 2020. The decrease was primarily because we provided favorable price of hemorrhagic stroke products to our certain distributors in 2020 in view of the increased sales volume from these distributors. In addition, in 2020, we commenced sale of coil embolization systems which have a lower gross profit margin. The gross profit margin for hemorrhagic stroke products increased from 77.2% in 2020 to 82.6% in 2021. The increase was primarily due to the increase in gross profit margin of flow-diverting stents and intracranial stent graft as a result of the economies of scale. Our gross profit margin for cerebral atherosclerotic stenosis products remained stable in 2019, 2020 and 2021. Our gross profit margin for access products decreased slightly from 40.0% in 2019 to 38.9% in 2020. The decrease was primarily because we offered favorable price of Asahi guidewires to our distributors in view of the increased sales volume. Our gross profit margin for access products increased slightly from 38.9% in 2020 to 39.8% in 2021, primarily due to the increase in sale of our self-developed products, mainly microcatheter system and intracranial support catheter system, which in general have higher gross profit margins than Asahi guidewires that we distribute.

Our research and development costs increased from RMB38.2 million in 2019 to RMB53.0 million in 2020 and further to RMB94.1 million in 2021. The increase in our research and development costs during the Track Record Period was generally in line with our business expansion as we continue to enhance our R&D efforts. Our results of operations and financial position may continue to be affected by our research and development costs after the Track Record Period. For

details, see "Financial Information—Description of Certain Items in the Consolidated Statements of Profit or Loss."

Our profit for the year remained stable in 2019 and 2020, which amounted to RMB47.0 million and RMB45.3 million, respectively. Our profit for the year decreased to RMB24.2 million in 2021, primarily because of an increase of RMB40.8 million in our finance costs, partially offset by an increase of RMB28.9 million in our profit from operations. For details, see "Financial Information—Results of Operations."

Summary of Consolidated Statements of Financial Position

The following table sets forth a summary of our consolidated statement of financial position as of the date indicated:

	As of December 31,		
	2019	2020	2021
		RMB'000	
Non-current assets			
Property, plant and equipment	47,348	59,485	212,238
Investment Property	14,297	13,954	13,611
Intangible assets	106,756	129,406	127,385
Interest in an associate	–	–	168,211
Financial assets measured at fair value through profit or loss	38,369	37,051	–
Deferred tax assets	3,783	4,346	7,398
Other non-current assets	2,447	1,463	27,345
Total non-current assets	**213,000**	**245,705**	**556,188**
Current assets			
Inventories	37,992	55,006	87,959
Trade and other receivables	61,525	59,406	102,908
Cash and cash equivalents	22,211	425,493	593,287
Total current assets	**121,728**	**539,905**	**784,154**
Current liabilities			
Interest-bearing borrowings	(40,548)	–	–
Convertible bonds	–	(19,202)	–
Trade and other payables	(106,474)	(62,803)	(129,666)
Contract liabilities	(622)	(2,541)	(12,403)
Lease liabilities	(3,982)	(5,952)	(27,993)
Income tax payables	–	(4,256)	(4,148)
Total current liabilities	**(151,626)**	**(94,754)**	**(174,210)**
Net current (liabilities)/assets	**(29,898)**	**445,151**	**609,944**
Total assets less current liabilities	**183,102**	**690,856**	**1,166,132**
Non-current liabilities			
Convertible bonds	–	(297,794)	–
Lease liabilities	(5,105)	(8,200)	(81,705)
Deferred income	(8,592)	(9,554)	(18,124)

	As of December 31,		
	2019	2020	2021
		RMB'000	
Other financial liabilities	–	–	(1,237,990)
Other non-current liabilities	(1,247)	(2,426)	(3,253)
Total non-current liabilities	**(14,944)**	**(317,974)**	**(1,341,072)**
Net assets/(liabilities)	**168,158**	**372,882**	**(174,940)**

We recorded net current liabilities of RMB29.9 million as of December 31, 2019, which primarily represented our trade and other payables of RMB106.5 million and interest-bearing borrowings of RMB40.5 million, as offset by our trade and other receivables of RMB61.5 million, our inventories of RMB38.0 million and our cash and cash equivalents of RMB22.2 million. Our net current assets increased to RMB445.2 million as of December 31, 2020, which was primarily due to an increase of RMB403.3 million in cash and cash equivalents resulting from the issuance of certain convertible bonds in November 2020. Our net current assets increased to RMB609.9 million as of December 31, 2021, primarily due to an increase of RMB167.8 million of cash and cash equivalents resulting from the issuance of the Series A-2 Preferred Shares.

We recorded net assets of RMB168.2 million and RMB372.9 million as of December 31, 2019 and 2020, respectively. The increase of net assets from 2019 to 2020 was primarily due to an increase in (i) contribution from shareholders of RMB150.0 million, and (ii) total comprehensive income of RMB42.0 million. We recorded net liabilities of RMB174.9 million as of December 31, 2021. In November 2021, we completed the 2021 Share Allotment and Issuance, the 2021 Share Transfer and the 2021 Conversion of Convertible Bonds. See "History, Reorganization and Corporate Structure—The Pre-**[REDACTED]** Investments". The Series A-1 Preferred Shares and the Series A-2 Preferred Shares were classified as our other financial liabilities in the consolidated statement of financial position in accordance with HKFRSs. As such, we recorded RMB1,238.0 million of other financial liabilities as of December 31, 2021, resulting in our net liability position as of the same date. The Series A-1 Preferred Shares and Series A-2 Preferred Shares will automatically convert into Shares upon **[REDACTED]**, at which time we expect to record them as equity and, accordingly, turn the Group into a net asset position.

Our intangible assets primarily represent capitalized development costs. As of December 31, 2019, 2020 and 2021, we had intangible assets of RMB106.8 million, RMB129.4 million and RMB127.4 million, respectively. The increase in our intangible assets from 2019 to 2021 was generally in line with our business expansion as we continue to enhance our R&D efforts. Our results of operations and financial position may continue to be affected by our acquisition and/or disposal of intangible assets after the Track Record Period. See "Financial Information—Description of Certain Key Consolidated Statements of Financial Position Items."

Our financial assets measured at fair value through profit or loss ("FVPL") mainly represent our investment in Rapid Medical. We recorded financial assets at FVPL of RMB38.4 million and RMB37.1 million as of December 31, 2019 and 2020. The investment in Rapid Medical was reclassified to interest in an associate upon the closing of additional investments made in April 2021. As a result, we recorded RMB168.2 million interest in an associate as of December 31, 2021. Our interest in Rapid Medical as of December 31, 2021 was measured under equity method based on our series D preferred share investment in Rapid Medical. We did not make any provision for impairment

on our interest in Rapid Medical, because (i) we believe there was no major change in the fair value of our investments in Rapid Medical due to the proximity in time between the closing of series D preferred share investment and the measurement of our investment in Rapid Medical; and (ii) there was no material adverse change in the operation and financial performance of Rapid Medical that could lead to provision for impairment.

Summary Consolidated Statements of Cash Flows

	For the year ended December 31,		
	2019	2020	2021
		RMB'000	
Operating cash flows before movements in working capital	64,399	68,090	103,622
Changes in working capital	(429)	(18,602)	64,677
Income tax refund	1,222	2,881	562
Income tax paid	(8,542)	(5,135)	(11,455)
Net cash flows from operating activities	56,650	47,234	157,406
Net cash flows used in investing activities	(49,799)	(73,037)	(186,790)
Net cash flows from financing activities	9,665	431,884	200,746
Net increase in cash and cash equivalents	16,516	406,081	171,362
Cash and cash equivalents at the beginning of year	5,695	22,211	425,493
Effect of foreign exchange rate changes, net	–	(2,799)	(3,568)
Cash and cash equivalents at the end of year	22,211	425,493	593,287

During the Track Record Period, we had a net cash inflow from operating activities in an amount of RMB56.6 million, RMB47.2 million and RMB157.4 million in 2019, 2020 and 2021, respectively. The increase in our net cash inflow from operating activities from 2020 to 2021 was primarily attributable to an increase in our trade and other payables from 2020 to 2021, reflecting (i) an increase of RMB24.1 million in trade payables, and (ii) an increase of RMB24.3 million in other payables and accrued charges. The decrease in our net cash inflow from operating activities from 2019 to 2020 was primarily attributable to a decrease in our trade and other payables from 2019 to 2020, reflecting (i) a decrease of RMB38.4 million in amounts due to a related party in connection with our investment in Rapid Medical as we fully settled the purchase consideration of the series C preferred share of Rapid Medical with MicroPort in April 2020 and (ii) a decrease of RMB7.1 million in trade payables primarily representing a decrease of RMB6.7 million in trade payables due to related parties because our related parties enhanced collection efforts and demanded more frequent settlement of trade payables. For details, see "Financial Information—Liquidity and Capital Resources—Cash Flows—Operating Activities."

Our primary uses of cash during the Track Record Period were to fund our research and development, clinical trials and manufacturing of our products, as well as other working capital needs. Historically, we have financed our operations and other capital requirements primarily through cash generated from our operations. Going forward, we expect to fund our future working capital and other cash requirements with cash generated from our operations, the net **[REDACTED]** from **[REDACTED]** and, when necessary, bank and other borrowings. Taking into account our internal resources, our cash flow from operations and the estimated net **[REDACTED]** from the **[REDACTED]**, our Directors confirm

that the working capital available to us is sufficient at present and for at least the next 12 months from the date of this document.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as of the dates indicated.

	As of/for the year ended December 31,		
	2019	2020	2021
Gross profit margin[(1)]	79.7%	74.3%	77.9%
Net profit margin[(2)]	25.6%	20.4%	6.3%
Return on average equity[(3)]	32.6%	16.7%	24.4%
Current ratio[(4)]	0.8x	5.7x	4.5x
Quick ratio[(5)]	0.6x	5.1x	4.0x

Notes:

(1) Representing gross profit for the year divided by revenue for the year and multiplied by 100%.

(2) Representing net profit for the year divided by revenue for the year and multiplied by 100%.

(3) Representing profit for the year divided by average balance of total equity at the beginning and the end of that year and multiplied by 100%.

(4) Representing current assets divided by current liabilities as of the same date.

(5) Representing current assets less inventories and divided by current liabilities as of the same date.

Non-HKFRS Measure

	As of/for the year ended December 31,		
	2019	2020	2021
Adjusted net profit margin[(1)]	25.6%	21.4%	24.0%

Note:

(1) Representing adjusted net profit for the year divided by revenue for the year and multiplied by 100%. Adjusted net profit margin is a non-HKFRS measure. The HKFRS measure closest to adjusted net profit margin is net profit margin. Please refer to "—Non-HKFRS Measures" for the reconciliation of net profit to adjusted net profit and limitations of non-HKFRS measures.

For further details, see "Financial Information—Key Financial Ratios."

MATERIAL RISK FACTORS

We believe there are certain risks and uncertainties involved in investing in our Shares, some of which are beyond our control. See the section headed "Risk Factors" for details of our risk factors. Some of the major risks we face include:

- we are largely dependent on the sales of our commercialized products. Our business, financial condition and results of operation would be materially and adversely affected if sales of these products were to decline;
- we face substantial competition. Our competitors may have substantially greater resources than we do and may be able to develop more effective products or offer their products at lower prices than we can, which could materially and adversely impact our business, financial condition and results of operation;

- recently enacted and future legislation, such as the two-invoice system and centralized procurement, may increase the difficulty and cost for us to obtain regulatory approval of and commercialize our product candidates and affect their prices;
- failure to achieve broad market acceptance could have a material adverse impact on our business and results of operations;
- if we fail to maintain an effective distribution channel for our products, our business and sales of the relevant products could be adversely affected;
- the manufacture of our products is highly complex and subject to strict quality controls. If we or any of our suppliers or logistics partners encounters manufacturing, logistics, or quality problems, including as a result of natural disasters, our business could suffer;
- if we determine our intangible assets to be impaired, our results of operations and financial condition may be adversely affected;
- our historical operating results may not be representative of future performance. We may 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 pipeline products; and
- we could be unsuccessful in obtaining or maintaining adequate patent protection for our products and pipeline products 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.

RECENT DEVELOPMENTS

Approval of *X-track*

We submitted a registration application to the NMPA for *X-track* in July 2021 and obtained approval in April 2022. We expect to commence commercial production of *X-track* in July 2022.

Approval of *Neurohawk*

We submitted a registration application to the NMPA for *Neurohawk* in March 2021 and obtained approval in the February 2022. We commenced commercial production of *Neurohawk* in March 2022 and sales in June 2022.

Approval of *NUMEN Silk*

We submitted a registration application to the NMPA for *NUMEN Silk* in June 2021 and obtained approval in February 2022. We commenced commercial production of *NUMEN Silk* in March 2022.

FDA Breakthrough Device Designation of *Comaneci*

Comaneci was approved by the FDA in 2019 and received FDA Breakthrough Device designation, a program designed to facilitate the development and registration of medical devices

offering more effective treatment or diagnosis of life-threatening or irreversibly debilitating diseases or conditions, in February 2022, to treat cerebral vasospasm (a condition where the blood vessels in the brain become narrow, thus reducing blood flow to the brain and causing subsequent death of brain tissue) after hemorrhagic stroke.

Approval of *Diveer*

We submitted a registration application to the NMPA for *Diveer* in June 2021 and obtained approval in January 2022. We commenced commercial production of *Diveer* in March 2022.

First Patient Enrollment of *Rebridge*

We completed the first patient enrollment for the clinical trial of *Rebridge* in January 2022, making *Rebridge* the first Chinese-developed full-visualization coil embolization assisting stent that has entered the registrational clinical trial, according to CIC.

Certain Management Estimates

We estimate that our overall gross profit margin will decrease in 2022 primarily attributable to a change in our product mix. We expect to commercialize our AIS products, which are estimated to have a lower gross profit margin than those of hemorrhagic stroke products and cerebral atherosclerotic stenosis products. We also estimate that the gross profit margin of hemorrhagic stroke products will decrease due to an increase in sale of coil embolization systems.

We also estimate that our share of losses of an associate will increase in 2022. The increase will be primarily attributable to an estimated increase in net losses of Rapid Medical in 2022 as a result of its continuous research and development and commercialization activities. See "Financial Information—Description of Certain Key Consolidated Statements of Financial Position Items—Financial Assets Measured at Fair Value through Profit or Loss ("FVPL") and Interest in an Associate" for a detailed discussion of the measurement of our investments in Rapid Medical and assessment on impairment.

We also estimate that our net profit will decrease in 2022. The decrease will be primarily attributable to an estimated increase in our finance costs, mainly due to an expected increase in our interest expenses on preferred shares, and the aforementioned estimated increase in our share of losses of an associate.

Impact of the COVID-19 Outbreak

We have not experienced any material disruption since the outbreak of the COVID-19 pandemic for our clinical activities, such as patient recruitment and clinical trials, and other research and development activities. As of the Latest Practicable Date, the outbreak of COVID-19 had not caused any early termination of our clinical trials or removal of any enrolled patients from our clinical trials. Due to travel restrictions, physicians were not able to conduct in-person follow-up visits for certain patients of our registrational clinical trials and may result in a lower follow-up visit rate. Alternatively, physicians arranged such patients to visit local qualified hospitals for follow-up visits and to deliver relevant documentation by mail or email, and physicians also conducted follow-up phone calls as needed. There have been multiple waves of the COVID-19 outbreak in several provinces in China

since the second half of 2021, including the emergence of various novel variants such as Delta and Omicron, which had led to travel restrictions and quarantine measures, including the recent lockdown in Shanghai. We had experienced delay in logistics as a result of the lockdown. However, we had not experienced any material disruptions to manufacturing activities and supply chain because we had procured sufficient raw materials for production and finished goods for sale. We also had not experienced material disruptions to our marketing, distribution and sales activities. In particular, we are of the view that the recurrence will not have a material adverse effect on our business operations and financial performance because (i) the PRC government has taken swift and effective counter measures to successfully control the COVID-19 recurrence and mitigate its impact, (ii) the recurrence affected a limited number of regions in China and (iii) we have implemented preventive measures in our daily operations such as making remote work arrangement, regularly sterilizing and ventilating our offices and manufacturing facility, checking the body temperature of our employees daily, keeping track of the travel history and health conditions of employees and providing face masks and disinfectant to employees attending our offices and facilities. As of the Latest Practicable Date, we had received RMB6.4 million of COVID-19 related social insurance exemption from the PRC government.

During the Track Record Period and up to the Latest Practicable Date, the COVID-19 pandemic did not have any material adverse effect on our results of operations and financial position. However, we cannot assure you that the COVID-19 pandemic will not further escalate or have material adverse effect on our performance in the future. Please see "Risk Factors—Risks Relating to Our Operations—Our operations and business plans may be adversely affected by the COVID-19 pandemic" for details.

No Material Adverse Change

Save as otherwise disclosed above, our Directors confirm that, as of the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2021, being the end of the period reported on in the Accountants' Report set out in Appendix I to this document, and there has been no event since December 31, 2021 that would materially affect the information as set out in the Accountants' Report in Appendix I of this document.

RECENT EVOLVEMENT IN OUR REGULATORY ENVIRONMENT

As a medical device developer and manufacturer based in the PRC, we operate in a heavily regulated environment that keeps evolving. We summarize below recent developments and potential changes in certain regulatory movements that are material to our business and prospects. See "Business—Recent Evolvement in Our Regulatory Environment" for details.

Two-invoice system. The "two-invoice system" is a pilot regulatory mechanism initially proposed by the PRC government in 2016 to restrain high pricing of medicine and high-value medical devices due to multiple layers of distribution. As designed, a maximum of two invoices (one invoice from the manufacturer to the distributor and another invoice from the distributor to the hospital) would be allowed to be issued in the chain of distribution. As of the Latest Practicable Date, the two-invoice system for medical devices was not mandatorily implemented nationwide; it was only mandatorily implemented in three provinces, namely, Anhui, Shaanxi and Fujian. Whether and when the two-invoice system will be mandatorily implemented in other provinces for medical devices remains uncertain, as advised by our PRC Legal Advisers. As advised by our PRC Legal Advisers, we had

complied with the two-invoice system in all material aspects for all of our commercialized products (including our self-developed products and products developed by Rapid Medical and Asahi for which we served as their exclusive distributor in China) during the Track Record Period and up to the Latest Practicable Date.

Centralized Procurement. In 2019, China initiated pilot programs to regulate prices of medical devices through government-mandated centralized procurement at the provincial level. As of the Latest Practicable Date, the only category of neuro-interventional medical devices that had become subject to centralized procurement and had an impact on us was coil embolization products, and in Hebei, Jiangsu and Fujian provinces only, pursuant to regulations recently promulgated there. Our *NUMEN* successfully won the bid to be enrolled in Hebei's centralized procurement program in December 2021 for a period of one year. In March and May 2022, Jiangsu and Fujian announced their centralized procurement programs for coil embolization products, respectively. Because of the limited scope and inchoate nature of these programs as relevant to our products, they had had limited impact on our selling prices or profitability as of the Latest Practicable Date, and we will closely monitor the implementation of centralized procurement programs in other provinces or for other products going forward.

CONTROLLING SHAREHOLDERS

Immediately upon the completion of the **[REDACTED]** (without taking into account any Shares which may be issued pursuant to the exercise of the **[REDACTED]**), MicroPort will, through its wholly owned subsidiary, MP Scientific, be indirectly interested in approximately **[REDACTED]**% of the total share capital of our Company. MicroPort is a company listed on the Stock Exchange (stock code: 853). Accordingly, MicroPort and MP Scientific will be our Controlling Shareholders under the Listing Rules.

There is clear delineation between the businesses of the MicroPort Group and our business. The MicroPort Group focuses on different types of medical devices that are of different nature and have different applications from those of our principal business. Our Group provides neuro-interventional medical devices for neurovascular diseases including hemorrhagic stroke, cerebral atherosclerotic stenosis and acute ischemic stroke. The business of our Group is not related to the businesses of the MicroPort Group. The products of our Group and the MicroPort Group are not interchangeable, nor are they complementary. For details, see "Relationship with Our Controlling Shareholders."

CONTINUING CONNECTED TRANSACTIONS

We [have entered into] a number of agreements with our connected persons which will constitute continuing connected transactions under Chapter 14A of the Listing Rules upon the **[REDACTED]**. For details, see "Connected Transactions."

[REDACTED]

Our **[REDACTED]** will constitute a **[REDACTED]** from MicroPort, our Controlling Shareholder. The proposal in relation to the **[REDACTED]** was submitted by MicroPort to the Stock Exchange for approval pursuant to Practice Note 15 of the Listing Rules, and the Stock Exchange has confirmed that MicroPort may proceed with the **[REDACTED]**. Our Directors believe that the **[REDACTED]** and separate **[REDACTED]** of our Group will be commercially beneficial to MicroPort, our Company and our Shareholders as a whole. For

details, see "History, Reorganization and Corporate Structure—**[REDACTED]** of Our Group from MicroPort."

PRE-[REDACTED] INVESTMENTS

Since our inception, we have had several rounds of Pre-**[REDACTED]** Investments. Our broad and diverse base of Pre-**[REDACTED]** Investors includes CICC Healthcare, Nectar Neuro, BVF III, Biolink Healthcare, Always Enterprises, Biolink Limited and Biolink NT, investment funds that are focused on the biotech and/or healthcare industry. For further details of the identity and background of the Pre-**[REDACTED]** Investors, see "History, Reorganization and Corporate Structure—Pre-**[REDACTED]** Investments—Background Information of the Pre-**[REDACTED]** Investors."

DIVIDENDS

Our Company did not declare any dividend during the Track Record Period. In view of our net liability position as of December 31, 2021, our Company cannot declare a dividend under the Cayman Islands law, which provides that a dividend may not be paid if it would result in a company being unable to pay its debts as they fall due in the ordinary course of business.

We do not have a specific dividend policy or a predetermined dividend payout ratio. The decision to pay dividends in the future will be made at the direction of our Board and will be based on our profits, cash flows, financial condition, capital requirements and other conditions that our Board deems relevant. The payment of dividends may be limited by other legal restrictions and agreements that we may enter into in the future. See "Financial Information—Dividends."

[REDACTED] STATISTICS

The statistics in the following table are based on the assumptions that: (i) the **[REDACTED]** is completed and **[REDACTED]** are issued in the **[REDACTED]**; (ii) **[REDACTED]** Shares are in issue upon completion of the Share Subdivision and the **[REDACTED]**; and (iii) the **[REDACTED]** is not exercised:

	Based on an [REDACTED] of HK$[REDACTED] per [REDACTED]
Market capitalization of our Shares[(1)]	HK$**[REDACTED]** million
Unaudited *pro forma* adjusted net tangible assets per Share[(2)]	HK$**[REDACTED]**

Notes:

(1) The calculation of the market capitalization of our Shares is based on the assumption that **[REDACTED]** Shares will be in issue and outstanding immediately following the completion of the Share Subdivision and the **[REDACTED]**, assuming the **[REDACTED]** is not exercised.

(2) The unaudited *pro forma* adjusted net tangible assets per Share is calculated on the basis that **[REDACTED]** Shares were in issue assuming that the **[REDACTED]** and the Share Subdivision had been completed on December 31, 2021, (including the completion of the conversion of the Series A-1 Preferred Shares and the Series A-2 Preferred Shares into ordinary shares of the Company) without taking into account of any Shares which may be issued upon exercise of the **[REDACTED]**.

FUTURE PLANS AND [REDACTED]

We estimate that we will receive net **[REDACTED]** of approximately HK$**[REDACTED]** after deducting the **[REDACTED]** fees and expenses payable by us in the **[REDACTED]**, assuming no

exercise of the **[REDACTED]** and assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**. We intend to use the net **[REDACTED]** from the **[REDACTED]** for the following purposes:

- Approximately HK$**[REDACTED]** (representing **[REDACTED]**% of the estimated net **[REDACTED]**) will be used for the research and development of therapeutic and access products for hemorrhagic stroke, cerebral atherosclerotic stenosis and AIS;
- Approximately HK$**[REDACTED]** (representing **[REDACTED]**% of the estimated net **[REDACTED]**) will be used for the commercialization of our products for hemorrhagic stroke, cerebral atherosclerotic stenosis and AIS;
- Approximately HK$**[REDACTED]** (representing **[REDACTED]**% of the estimated net **[REDACTED]**) will be used for the expansion of our manufacturing facility to increase the scale of our production;
- Approximately HK$**[REDACTED]** (representing **[REDACTED]**% of the estimated net **[REDACTED]**) will be used for expanding our global presence;
- Approximately HK$**[REDACTED]** (representing **[REDACTED]**% of the estimated net **[REDACTED]**) will be used for advancing our product portfolio through strategic acquisitions, investment, cooperation or a combination of these tactics; and
- Approximately HK$**[REDACTED]** (representing **[REDACTED]**% of the estimated net **[REDACTED]**) will be used for working capital and general corporate purposes.

For details, see "Future Plans and **[REDACTED]**."

[REDACTED] EXPENSES

[REDACTED] expenses to be borne by us are estimated to be approximately HK$**[REDACTED]** (including **[REDACTED]**-related expenses of approximately HK$**[REDACTED]**, and non-**[REDACTED]** related expenses of approximately HK$**[REDACTED]**, which consist of fees and expenses of legal advisers and accountants of approximately HK$**[REDACTED]** and other fees and expenses of approximately HK$**[REDACTED]**), assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** and that the **[REDACTED]** is not exercised. **[REDACTED]** expenses accounted for approximately **[REDACTED]**% of our gross **[REDACTED]**. Approximately HK$**[REDACTED]** is expected to be charged to our consolidated statements of profit or loss and other comprehensive income, and approximately HK$**[REDACTED]**, including **[REDACTED]** expenses directly attributable to the issue of the Shares, is expected to be accounted for as a deduction from equity upon the **[REDACTED]**. As of December 31, 2021, **[REDACTED]** expenses of RMB**[REDACTED]** were incurred by the Group. The **[REDACTED]** expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.