***This summary aims to give you an overview of the information contained in this Document. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by and should be read in conjunction with, the full Document. You should read this Document in its entirety before you decide to invest in the*** [**REDACTED**]***. There are risks associated with any investment. Some of the particular risks in investing in the*** [**REDACTED**] ***are set forth in "Risk Factors" of this Document. You should read that section carefully before you decide to invest in the*** [**REDACTED**].

## OVERVIEW

We are a comprehensive provider of ophthalmic medical devices in the PRC. With a market share of 6.7%, we are the largest domestic player and the fourth largest player in China's ophthalmic medical device market in terms of revenue in 2021, according to Frost & Sullivan. We are an early-mover in China's ophthalmic medical device industry with over 20 years of track record. Our product offering covers all seven ophthalmology sub-specialties where ophthalmic medical devices are utilized for their diagnosis, treatment or surgeries, according to Frost & Sullivan. As of the Latest Practicable Date, we had offered one-stop ophthalmic medical device solutions to over 4,000 end customers in China (including over 1,000 Class III hospitals and serving all provincial administrative regions in China), including ophthalmic diagnostic equipment, surgical and treatment equipment and consumables, as well as providing after-sale technical services.

We possess a comprehensive product portfolio covering all seven ophthalmology sub-specialties where ophthalmic medical devices are utilized for their diagnosis, treatment or surgeries, being vitreoretinal diseases, cataracts, refractive surgery, glaucoma, ocular surface diseases, optometry and pediatric ophthalmology. Our rich product portfolio comprises Distribution Products of our brand partners and Proprietary Products which we develop and manufacture. For the years ended December 31, 2019, 2020 and 2021, the revenue contribution of our Distribution Products accounted for 98.9%, 97.0% and 72.0% of our revenue from sales of products, respectively. As of the Latest Practicable Date, we had collaborated with 19 global brand partners, of which 17 had entered into exclusive distribution arrangements for their products with us, including Heidelberg, Schwind and Optos. We have also gradually expanded our portfolio of Proprietary Products through our own R&D efforts and our acquisition of Teleon and Roland. The revenue contribution of our Proprietary Products increased from 1.1% in 2019 and 3.0% in 2020 to 28.0% in 2021 of our revenue from sales of products after we completed such acquisitions in November 2020 and January 2021, respectively. As of the Latest Practicable Date, we had a product portfolio of 129 products.

Due to the scarcity of medical resources and limited patients' awareness, the penetration rate of ophthalmology healthcare services in China has long remained depressed with diagnosis and treatment needs. According to Frost & Sullivan, the size of the ophthalmology patient base in China of major ophthalmic diseases in 2021 represented approximately 1.7 to 11 times of that in the United States in 2021, while the size of United States' ophthalmic medical device market in 2020 was much larger than that of the PRC market in the same year. With a rich and stable portfolio of products, we are able to cover the diagnosis and treatment of a broad range of ophthalmologic diseases. Coupled with our nationwide multi-channel sales network and an established ophthalmology KOL network, we believe we are well-positioned to capture the growth potentials of China's ophthalmology healthcare industry.

We also differentiate ourselves from our competitors through our technical service capability. We are the second largest ophthalmic medical device technical service provider in China in terms of both the number of in-house maintenance engineers and revenue from provision of technical services in 2021, according to Frost & Sullivan. Ophthalmic medical devices are highly complex, demanding extensive technical support and after-sale maintenance and therefore, the ability to provide quality and professional technical services has great commercial value and profit generating potential.

We believe investments in R&D had been and will continue to be crucial to our growth trajectory. As China's policies continue to favor domestically produced medical devices, we have made important investments in the R&D of intraocular lens, electrophysiological equipment and optometry equipment. In particular, through our acquisition of Teleon, we inherited Teleon's over 20 years of experience in developing intraocular lens and its world-leading intraocular lens R&D resources and platform, and core intellectual properties. Importantly, we are striving to develop our intraocular lens production capabilities in China. Through our acquisition of Roland, we inherited its electrophysiological equipment R&D capabilities and we have successfully integrated Roland's R&D teams with our R&D teams in China. As of the Latest Practicable Date, our Group had registered ten invention patents and 16 utility patents in China. As of the same date, our Group had also registered 83 patents in Hong Kong, EU and other jurisdictions, which we believe are material to our business.

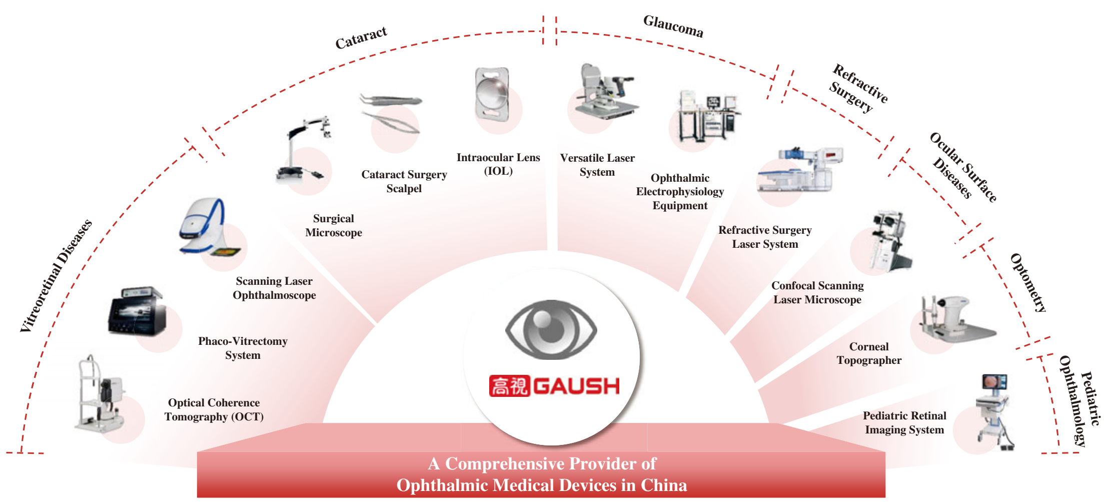
Our revenues and profits remained steady during the Track Record Period and we enjoyed successive increases in our gross profit margins. For the years ended December 31, 2019, 2020 and 2021, our revenue amounted to RMB1,106.7 million, RMB962.1 million and RMB1,298.2 million, respectively, and our gross profit was RMB463.3 million, RMB436.2 million and RMB609.5 million for the same periods, respectively. Our gross profit margin increased from 41.9% in 2019 to 45.3% in 2020, and to 46.9% in 2021.

Such successive improvements in gross profit margin reflected our continuous efforts to optimize our product portfolio. The gross profit margin of our ophthalmic medical consumables is higher than that of our ophthalmic medical equipment. For the years ended December 31, 2019, 2020 and 2021, our gross profit margin for the sales of ophthalmic medical consumables was 52.5%, 51.8% and 51.2%, respectively. The percentage of revenue derived from ophthalmic medical consumables out of our total revenue increased from 13.4% in 2019 to 14.6% in 2020, and further increased to 31.5% in 2021 as a result of the acquisition of Teleon in early 2021. This drove the successive increases in our overall gross profit margin during the Track Record Period.

## OUR PRODUCT PORTFOLIO AND TECHNICAL SERVICES

We possess a comprehensive product portfolio covering all seven ophthalmology sub-specialties where ophthalmic medical devices are utilized for their diagnosis, treatment or surgeries, representing the vitreoretinal diseases, cataract, glaucoma, refractive surgery, ocular surface diseases, optometry and pediatric ophthalmology, which enables us to provide our customers with comprehensive and integrated solution through which our customers may complete their purchases of various ophthalmic medical device products and services through us. Our product portfolio is rich, covering multiple dimensions, including a variety of ophthalmology diseases, such as cataracts, refractive errors, glaucoma, vitreoretinal disease and dry eye. In addition, it ranges from diagnostic equipment, treatment and surgical instrument to high-value disposables and general consumables.

As of the Latest Practicable Date, our product portfolio consisted of 129 products. The table below sets forth our product spectrum.




During the Track Record Period, we derived a substantial majority of our revenue from the sales of ophthalmic medical devices. As part of our total solutions portfolio, we also provide our end customers with technical services primarily in China to support their equipment maintenance and after-sale service requests. The following table sets forth a breakdown of our revenue by segment and product and service types for the periods indicated.

| | For the year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2019 | | 2020 | | 2021 | |
| | Amount | % of total | Amount | % of total | Amount | % of total |
| | *RMB'000 (except percentages)* | | | | | |
| **Sales of Products** | | | | | | |
| *Sale of ophthalmic medical equipment* | | | | | | |
| Diagnostic equipment | 498,033 | 44.9 | 368,927 | 38.4 | 451,798 | 34.8 |
| Surgical & treatment equipment | 351,372 | 31.8 | 297,393 | 30.9 | 257,793 | 19.9 |
| Other equipment | – | – | 10,597 | 1.1 | 9,127 | 0.7 |
| *Sub-total* | 849,405 | 76.7 | 676,917 | 70.4 | 718,718 | 55.4 |
| *Sale of ophthalmic medical consumables* | | | | | | |
| Intraocular lens | 67,924 | 6.2 | 56,698 | 5.8 | 259,621 | 20.0 |
| Other consumables* | 80,004 | 7.2 | 84,226 | 8.8 | 148,747 | 11.5 |
| *Sub-total* | 147,928 | 13.4 | 140,924 | 14.6 | 408,368 | 31.5 |
| **Technical Services** | | | | | | |
| Warranty services | 72,264 | 6.6 | 98,391 | 10.2 | 116,632 | 9.0 |
| Maintenance services | 9,721 | 0.9 | 10,175 | 1.1 | 13,340 | 1.0 |
| Technical services related accessories | 25,940 | 2.3 | 30,218 | 3.1 | 31,633 | 2.4 |
| *Sub-Total* | 107,925 | 9.8 | 138,784 | 14.4 | 161,605 | 12.4 |
| **Others**** | 1,397 | 0.1 | 5,450 | 0.6 | 9,527 | 0.7 |
| **Total** | 1,106,655 | 100 | 962,075 | 100 | 1,298,218 | 100 |

*Note:*

* Other consumables primarily include surgical consumables (including scalpel) and implants (including vitreous substitutes), among others.

** Others primarily included the registration service fees and the royalties we received for the licensing out of certain of our intellectual properties. On March 22, 2016, Teleon entered into a license agreement with a reputable Japanese specialized pharmaceutical company focusing on ophthalmic treatment. See "Business — Intellectual Property" for details. We also charge our brand partners for registering their products and providing maintenance and repair services for their medical equipment products outside China.

The following table sets forth the breakdown of gross profit and gross profit margin by product types for the periods indicated.

| | For the year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2019 | | 2020 | | 2021 | |
| | Gross profit | Gross profit margin (%) | Gross profit | Gross profit margin (%) | Gross profit | Gross profit margin (%) |
| | *RMB'000 (except percentages)* | | | | | |
| **Sales of Products** | | | | | | |
| *Sale of ophthalmic medical equipment* | | | | | | |
| Diagnostic equipment | 243,766 | 48.9 | 192,061 | 52.1 | 233,766 | 51.7 |
| Surgical & treatment equipment | 93,478 | 26.6 | 97,302 | 32.7 | 83,437 | 32.4 |
| Other equipment | – | – | 4,289 | 40.5 | 4,325 | 47.4 |
| *Sub-total* | 337,244 | 39.7 | 293,652 | 43.4 | 321,528 | 44.7 |
| *Sale of ophthalmic medical consumables* | | | | | | |
| Intraocular lens* | 39,175 | 57.7 | 33,217 | 58.6 | 138,818 | 53.5 |
| Other consumables* | 38,521 | 48.1 | 39,800 | 47.3 | 70,350 | 47.3 |
| *Sub-total* | 77,696 | 52.5 | 73,017 | 51.8 | 209,168 | 51.2 |
| **Technical Services** | 47,008 | 43.6 | 66,024 | 47.6 | 70,104 | 43.4 |
| **Others**** | 1,397 | 100 | 3,484 | 63.9 | 8,671 | 91.0 |
| **Total gross profit/overall gross profit margin** | 463,345 | 41.9 | 436,177 | 45.3 | 609,471 | 46.9 |

*Note:*

* Other consumables primarily include surgical consumables (including scapel) and implants (including vitreous substitutes), among others. The shelf life of our intraocular lens products is five years, and the shelf life of other consumables ranged between 18 months to four years.

** Others primarily included the registration service fees and the royalties we received for the licensing out of certain of our patents. On March 22, 2016, Teleon entered into a license agreement with a reputable Japanese specialized pharmaceutical company focusing on ophthalmic treatment. See "Business — Intellectual Property" for details. We also charge our brand partners for registering their products and providing maintenance and repair services for their medical equipment products outside China.

The following table sets forth the breakdown of our revenue by geographical areas for the periods indicated.

| | For the year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2019 | | 2020 | | 2021 | |
| | Amount | % of total | Amount | % of total | Amount | % of total |
| | *RMB'000 (except percentages)* | | | | | |
| Greater China | 1,106,619 | 100 | 956,347 | 99.4 | 1,033,863 | 79.6 |
| Asia Pacific (excluding Greater China) | – | – | 3,143 | 0.3 | 64,856 | 5.0 |
| Europe (excluding Germany) | – | – | 367 | * | 56,677 | 4.4 |
| Germany | 36 | * | 1,111 | 0.1 | 103,566 | 8.0 |
| America (including Canada) | – | – | 617 | 0.1 | 16,798 | 1.3 |
| Oceania | – | – | – | – | 17,026 | 1.3 |
| Others | – | – | 490 | 0.1 | 5,432 | 0.4 |
| **Total** | 1,106,655 | 100 | 962,075 | 100 | 1,298,218 | 100 |

* Less than 0.1%.

Our product portfolio includes both Distribution Products, being products of our brand partners, and Proprietary Products, being products we develop and manufacture. Our Distribution Products and Proprietary Products generally serve different diagnostic, treatment or surgery functionalities. Except for intraocular lens products, our major Proprietary Products are primarily registered as Class I or Class II medical devices including ophthalmic medical equipment (slit lamps, ocular fundus camera, topography device, as well as the electrophysiology test device and its associated consumables, etc.), while our major Distribution Products are primarily registered as Class III medical devices, which primarily represented various ophthalmic medical equipment (laser imaging and scanning devices, ultrasound diagnosis device and surgical equipment) and certain surgery consumables associated with the surgery equipment. As of the Latest Practicable Date, our product portfolio did not include any intraocular lens products of any brand partner. Given that our Proprietary Products and Distribution Products serve different ophthalmology diagnostic, treatment or surgery functions and differ significantly in terms of their pricing, we believe there has not been any material competition among our Distribution Products and Proprietary Products.

The following table sets forth the breakdown of our sales of products revenue by Distribution Product and Proprietary Product for the periods indicated.

| | For the year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2019 | | 2020 | | 2021 | |
| | **Amount** | **% of total** | **Amount** | **% of total** | **Amount** | **% of total** |
| | *RMB'000 (except percentages)* | | | | | |
| Distribution products | 986,004 | 98.9 | 793,121 | 97.0 | 810,989 | 72.0 |
| Proprietary products | 11,329 | 1.1 | 24,720 | 3.0 | 316,097 | 28.0 |
| **Total** | 997,333 | 100 | 817,841 | 100 | 1,127,086 | 100 |

The table below sets forth the breakdown of the revenue from our sales of Proprietary Products and Distribution Products by geographic areas for the years indicated.

| | For the year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2019 | | 2020 | | 2021 | |
| | *Amount* | *% of total* | *Amount* | *% of total* | *Amount* | *% of total* |
| **Distribution Products** | | | | | | |
| Greater China | 986,004 | 100.0 | 793,121 | 100.0 | 743,805 | 91.8 |
| Germany | – | – | – | – | 61,157 | 7.5 |
| Europe (excluding Germany) | – | – | – | – | 5,778 | 0.7 |
| Asia Pacific (excluding Greater China) | – | – | – | – | 204 | * |
| Others | – | – | – | – | 45 | * |
| **Total** | 986,004 | 100 | 793,121 | 100 | 810,989 | 100 |
| **Proprietary Products** | | | | | | |
| Greater China | 11,329 | 100.0 | 19,914 | 80.5 | 118,926 | 37.6 |
| Asia Pacific (excluding Greater China) | – | – | 2,320 | 9.4 | 64,652 | 20.5 |
| Europe (excluding Germany) | – | – | 367 | 1.5 | 50,899 | 16.1 |
| Germany | – | – | 1,012 | 4.1 | 42,409 | 13.4 |
| Oceania | – | – | – | – | 17,026 | 5.4 |
| America (including Canada) | – | – | 617 | 2.5 | 16,798 | 5.3 |
| Others | – | – | 490 | 2.0 | 5,387 | 1.7 |
| **Total** | 11,329 | 100 | 24,720 | 100 | 316,097 | 100 |

* Less than 0.1%

The following table sets forth the breakdown of gross profit and gross profit margin by product types for the periods indicated.

| | For the year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2019 | | 2020 | | 2021 | |
| | Gross profit | Gross profit margin (%) | Gross profit | Gross profit margin (%) | Gross profit | Gross profit margin (%) |
| | *RMB'000 (except percentages)* | | | | | |
| Distribution Products | 411,062 | 41.7 | 355,623 | 44.8 | 365,032 | 45.0 |
| Proprietary Products | 3,878 | 34.2 | 11,046 | 44.7 | 165,664 | 52.4 |
| **Total gross profit/overall gross profit margin** | 414,940 | 41.6 | 366,669 | 44.8 | 530,696 | 47.1 |

As the sales volume and revenue of our Proprietary Products increased over years and utilization of our manufacturing capacity improved during the Track Record Period, the manufacturing costs on a per product basis decreased, resulting in lower unit costs and the successive increases in the gross profit margin of our Proprietary Products. In addition, in January 2021, we completed the acquisition of Teleon, which primarily manufactures and sells Intraocular lens products and they carry a relatively higher gross profit margin than our other Proprietary Product, and this also contributed to the increase of gross profit margin of our Proprietary Products in 2021.

**Product Pipeline**

As of the Latest Practicable Date, we had 15 key pipeline products, which comprised 12 Proprietary Products and three Distribution Products. We believe that our pipeline products can further supplement and upgrade our existing product portfolio to support a more extensive range of clinical procedures.

**Technical Services**

As part of our solution offering, we also provide our end customers with technical services primarily in China to support their maintenance and after-sale services requests, which included installment services for the ophthalmic medical equipment we sold and also the after-sale warranty and maintenance of such products. According to Frost & Sullivan, we are the second largest service provider of ophthalmic device technical services in terms of both revenue from provision of technical services and number of in-house maintenance engineers in 2021. During the years ended December 31, 2019, 2020 and 2021, our revenue generated from the provision of technical services was RMB107.9 million, RMB138.8 million and RMB161.6 million, respectively.

## OUR BRAND PARTNERS

Our brand partners are primarily overseas opthalmic medical device manufacturers. By entering into cooperation relationships with global leading ophthalmic medical device brand partners including Heidelberg, Schwind and Optos, we sell and distribute their ophthalmic medical devices in China, ranging from diagnostic equipment, surgical and treatment equipment and consumables (including implants). As of the Latest Practicable Date, we had 19 brand partners, of which 17 had entered into exclusive distribution arrangements for their products with us.

We provide our brand partners with the following solutions:

- *Regulatory solutions.* We have helped our brand partners obtain product registrations in China, which is essential to admitting their products into the Chinese medical devices market. As of the Latest Practicable Date, we assisted our brand partners to obtain the NMPA registration of 72 products. Further, we also help our brand partners to navigate the complex and nationwide unsystematic regimes of centralized procurement or volume-based procurement to qualify the Distribution Products for eligibility of sale under such regimes.

- *Distribution and after-sale solutions.* We maintain and develop our distribution network for the distribution of our Distribution Products in China. For the years ended December 31, 2019, 2020 and 2021, we had 814, 865 and 780 domestic project-based distributors and 74, 78 and 137 domestic regional distributors. We also promote the awareness of our Distribution Products among ophthalmology professionals to improve the penetration of our Distribution Products among such professionals. In addition, our in-house technicians attend the trainings of our brand partners as to the operation, maintenance and repair of our Distribution Products. In this way, our technicians are equipped to provide our end customers with quality after-sale services.

- *Logistics solutions.* In general, we are responsible for the shipping, transportation and delivery of our Distribution Products in the course of their distribution. We engage third-party transportation service providers who are specialized in the transportation of precise devices and instruments for the storage and transportation of Distribution Products in the manner requested by our brand partners.

For details, please see "Business — Brand Partners — Relationship with our Brand Partners."

## THE ACQUISITION OF TELEON AND ROLAND

In November 2020, we acquired Roland, a manufacturer of electrophysiological products, who was previously our brand partner and with whom we have cooperated for over 20 years prior to our acquisition. For the years ended December 31, 2019 and the ten months ended October 31, 2020, our purchase amount from Roland amounted to EUR1.9 million and EUR1.0 million, respectively. Roland contributed RMB3.6 million and RMB1.9 million to our consolidated revenue and gross profit for the year ended December 31, 2020. For the year ended December 31, 2021, the revenue and gross profit of Roland on a standalone basis was RMB26.1 million and RMB10.9

million, respectively and its revenue and gross profit contribution to the Group during the same year was RMB15.4 million and RMB5.9 million, respectively. Its costs of goods sold for the year ended December 31, 2021 amounted to RMB9.5 million, representing 1.4% of our total costs of goods sold for the same period. The business of Roland remained stable after we completed the acquisition. Prior to the acquisition of Roland, we did not possess any research and development capacity as to electrophysiological products. The acquisition of Roland enabled us to expand our portfolio of Proprietary Products to high-tech ophthalmological diagnostic systems and increase the revenue contribution of our Proprietary Products. We also inherited the research and development capabilities of Roland as well as its overseas distribution network.

In January 2021, we acquired Teleon, who was previously our brand partner and with whom we have entered into an exclusive distributorship agreement in 2017 prior to our acquisition. Teleon is primarily engaged in the manufacturing of intraocular lenses (IOLs) and other ophthalmic products. For the years ended December 31, 2019 and 2020, our purchase amount from Teleon amounted to EUR4.2 million and EUR2.9 million, respectively. For the year ended December 31, 2021, the revenue and gross profit of Teleon on a standalone basis was RMB275.7 million and RMB155.4 million, respectively, and its revenue and gross profit contribution to the Group during the same year was RMB250.3 million and RMB140.1 million, respectively. Its costs of goods sold for the year ended December 31, 2021 amounted to RMB110.2 million, representing 16.0% of our total costs of goods sold for the same period. The revenue and gross profit of Teleon increased after we completed the acquisition because Teleon on a standalone basis benefited from our overall strong recovery from the outbreak of COVID-19 and the general recovery of the European economy. The sales of Teleon to other members of the Group for the year ended December 31, 2020 amounted to RMB23.3 million and it increased by 9.0% to RMB25.4 million for the year ended December 31, 2021 as our sales of Teleon's products in China recovered in 2021 from the market low point in light of the outbreak of COVID-19 in 2020. In addition, the gross profit margin of Teleon on a standalone basis improved in 2021 as compared to 2020, primarily because (i) the labor costs component of Teleon's cost of sales did not increase in line with its revenue, as Teleon increased its production output without expanding the size of its manufacturing team; (ii) Teleon granted one-off retention bonus and compensation to its manufacturing and other staff in 2020, aiming at ensuring a smooth transition following our acquisition; and (iii) as evidenced by the increase in average selling prices of Teleon's proprietary products, the revenue contribution of products carrying higher margin represented a higher proportion of the standalone revenue of Teleon in 2021 when compared to the preceding year. For details of the standalone financial information of Teleon for the years ended December 31, 2019 and 2020, see "Financial Information — Financial Information of Teleon". Through Teleon, we expanded our portfolio of Proprietary Products to include premium implants products. Prior to the acquisition of Teleon, we did not possess any research and development capacity as to IOLs. By acquiring Teleon, we have gained access to the core intellectual properties relating to sectoral refractive and EDoF IOLs, enabling us to develop our R&D capability relating to IOLs, extending our business scope to the entire value chain of IOLs and reducing our reliance on upstream brand partners. We also inherited the overseas distribution network of Teleon of more than 50 regions.

In addition, as both Roland and Teleon manufacture their own products, our labor costs increased from RMB30.9 million for the year ended December 31, 2020, which accounted for 5.9% of our total cost of sales, to RMB91.0 million for the year ended December 31, 2021, which accounted for 13.2% of our total cost of sales following the consolidation of Teleon and Roland into our Group.

We believe the acquisitions of Teleon and Roland were accretive to our business based on the below rationales:

- *Technology and R&D Capabilities*. Before the acquisitions, we did not possess any technology or R&D capabilities as to intraocular lens or electrophysiological equipment. Through the acquisitions, we inherited the R&D resources and platform of Teleon and Roland. Such R&D resources included core intellectual properties relating to sectoral refractive and EDoF IOLs as well as the research and development personnel of Teleon and Roland. For details of such intellectual properties, please see "Statutory and General Information — B. Further Information about our Business — 2. Intellectual property rights of our Group". Our R&D on intraocular lens have been carried out under the leadership of Dr. Aleksey Simonov, the chief technical officer of Teleon, who had more than 20 years of R&D experience of intraocular lens. The acquisitions enabled us to establish the technology and R&D capabilities of our own, which would support our long-term business development by bringing technology advances for our products. Leveraging Teleon's development experience, we expect to further the research and development of hydrophilic and hydrophobic materials used in the manufacturing of intraocular lens products and expanding the intraocular lens product offering by covering pre-loaded and non-pre-loaded products. Also, by migrating the technology and R&D capabilities we inherited to China, we also laid the foundation to manufacture intraocular lens and electrophysiological equipment in China.

- *Enriching Product Portfolio*. The acquisitions of Teleon and Roland enriched our product portfolio by adding 19 and six types of Proprietary Products to our product portfolio, respectively, and enabled us to significantly improve the revenue contribution of our Proprietary Products. For the years ended December 31, 2019, 2020 and 2021, the revenue contribution of our Proprietary Products accounted for 1.1%, 3.0% and 28.0% of our revenue generated from sales of products for the same period, respectively. Such significant increase mainly reflected the revenue generated from the sales of intraocular lens products of Teleon and electrophysiological products of Roland after the acquisitions of Roland in November 2020 and of Teleon in January 2021. For the year ended December 31, 2021, the revenue generated from the sales of the Proprietary Products of Teleon and Roland amounted to RMB259.7 million and RMB36.5 million, representing in aggregate 93.7% of our revenue generated from sales of Proprietary Products for the same period, respectively, and such revenue would have been recognized as revenue generated from the sales of Distribution Products before our acquisitions. For the year ended December 31, 2021, the gross profit generated from the sales of the products of Teleon and Roland was RMB138.8 million and RMB19.8 million, respectively, representing in aggregate 95.7% of our gross profit generated from sales of Proprietary Products for the same period. In addition, the acquisition of Teleon also resulted in a more balanced revenue structure as the revenue contribution of Teleon's proprietary products was counted towards the revenue contribution of our ophthalmic medical consumables. In 2020, the sales of medical consumables accounted for only 14.6% of our total revenue, while in 2021 it accounted for 31.5% of our total revenue.

- *Expanding Global Footprint*. With the acquisitions of Teleon and Roland, we also expanded our global footprints. Our Teleon and Roland product series have been sold all over the world, including developed markets in Europe, Japan and South Korea, and developing markets, such as Latin America, Southeast Asia and Africa. As of the Latest Practicable Date, our Teleon products had been sold to 51 countries and regions, and our Roland products had been sold to 31 countries and regions. In 2020, the sales outside Greater China accounted for only 0.6% of our total revenue, while it accounted for 20.4% of our total revenue in 2021.

- *Promoting gross profit margin*. By penetrating into the upperstream value chain of the industry, the acquisitions enabled the Group to seize the value created in the course of manufacturing of the products, resulting in a higher gross profit margin. During the Track Record Period, our gross profit margin increased from 41.9% in 2019 to 45.3% in 2020 and further to 46.9% in 2021. For details, please see "Financial Information."

## SALES AND DISTRIBUTION

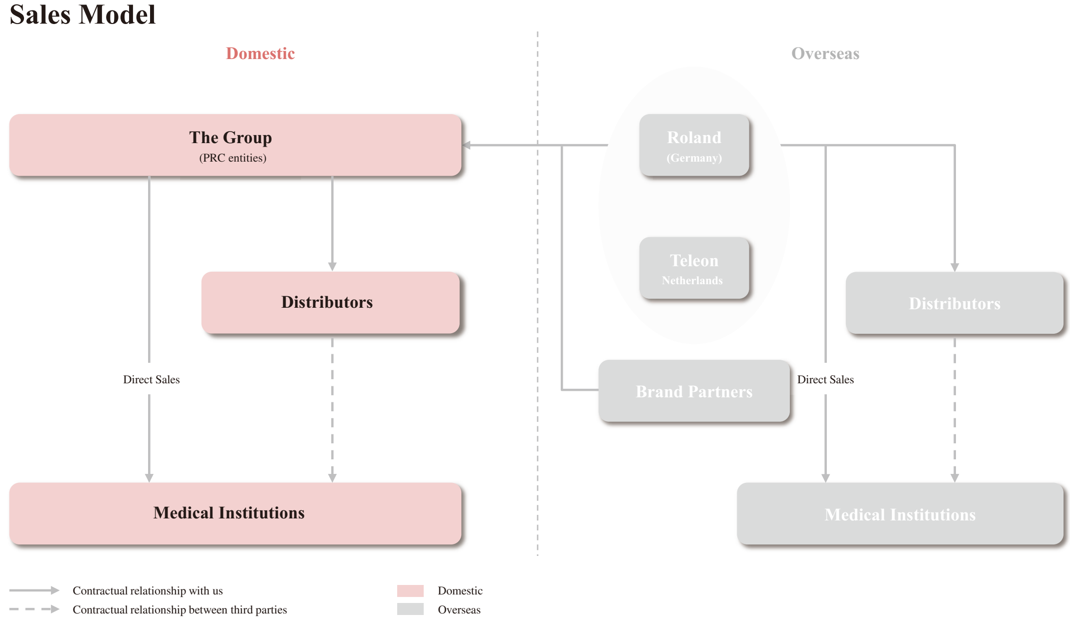
### Sales Model

We maintain an extensive sales network. Our sales network comprises (i) sales through domestic and overseas distributors; and (ii) direct sales to public and private hospitals and other customers in China and overseas.

We distribute a broad spectrum of products in China, covering ophthalmic diagnostic equipment, treatment equipment, surgery equipment, as well as implants and other consumables. On the other hand, we and our overseas distributors distribute our Proprietary Products (including intraocular lens products of Teleon and electrophysiology test devices of Roland) and certain ophthalmic medical equipment as Distribution Products into different jurisdictions. The pricing and gross profit margin of our Proprietary Products sold represented the pricing and gross profit margin as the manufacturer of the products, while the pricing and gross profit margin of Distribution Products sold represented the pricing and gross profit margin as a distributor of the products. For details of the pricing of our major products and their benchmark prices, please refer to "Business — Sales and Distribution — Our Product Portfolio and Technical Services" and "Business — Sales and Distribution — Pricing".

The following chart illustrates the structure of our sales model.

**Sales Model**




The following table sets forth the breakdown of our revenue generated in China by types of customers for the periods indicated.

| | For the year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2019 | | 2020 | | 2021 | |
| | Amount | % of total | Amount | % of total | Amount | % of total |
| | *RMB'000 (except percentages)* | | | | | |
| Distributors | 574,192 | 52.4 | 539,367 | 57.4 | 618,981 | 61.2 |
| Hospitals and other direct customers* | 521,513 | 47.6 | 399,977 | 42.6 | 392,814 | 38.8 |
| **Total** | 1,095,705 | 100 | 939,344 | 100 | 1,011,795 | 100 |

* Direct customers other than hospitals mainly included research institutes.

**Sales Network**

As of the Latest Practicable Date, our products had been ultimately sold to over 4,000 end customers in China, including over 1,000 Class III hospitals, serving all provincial administrative regions in China. We primarily sell our products through a network of domestic distributors, which is in line with industry practice, according to Frost & Sullivan. For the years ended December 31, 2019, 2020 and 2021, we had 74, 78, 137 domestic regional distributors for domestic sales in China, respectively. In addition to our domestic regional distributors, we also had 814, 865 and 780 project-based domestic distributors as of December 31, 2019, 2020 and 2021, respectively. Project-based domestic distributors differ from regional domestic distributors in the sense that the former are primarily engaged for the distribution of ophthalmic medical equipment while the latter are primarily for the distribution of consumables. Due to the relatively significant amount per unit and non-recurring nature, hospitals generally purchase ophthalmic medical equipment by way of procurement projects. On the contrary, due to the relatively low amount per unit, large volume involved and recurring nature, consumables are usually distributed by engaging distributors for designated regions. According to Frost & Sullivan, our distribution model is in line with the industry norm in the PRC ophthalmic medical device industry. Such procurement projects are generally non-recurring given the long service life of ophthalmic medical equipment and this resulted in the year-on-year fluctuation in the number of our project-based domestic distributors. On the other hand, regional domestic distributors are primarily engaged in the distribution of our ophthalmic consumable products and typically enter into long term cooperation with us. We endeavor to increase the revenue contribution from our regional domestic distributors to improve our distribution management efficiency.

Following our completion of acquisitions of Roland and Teleon, we also inherited the overseas distribution network of Roland and Teleon. For the year ended December 31, 2021, we transacted with 122 overseas distributors. As of the Latest Practicable Date, the Teleon products had been sold to 51 countries and regions, and the Roland products had been sold to 31 countries and regions.

**Pricing**

We generally price our products based on their costs, operating expenses and regional competitive landscape, while taking into consideration of the features, functionality and technical advantage of the products.

In addition, with respect to our sales of consumables in China, we may participate in the centralized volume-based procurement regimes established within respective regions. Our products would be eligible for future procurement by the hospitals and medical institutions who participated in such regimes in that particular region. In May 2020, we admitted our first product to a centralized volume-based procurement regime. The bidding prices determined in such process generally determine the highest price for which the patients in the region purchase our products. Additionally, certain of our products may be sold through non-public tender processes such as invitation tenders, competitive negotiations and single-source procurement, or are sold to private medical institutions and scientific research institute through commercial public tender process, and therefore are not subject to the government directed public tender processes under any regional centralized procurement regime. In addition, the centralized volume-based procurement regimes primarily focus on medical consumables currently, including our intraocular lens products, and do not apply to our medical equipment products.

Certain local authorities have implemented the "Two-Invoice System" with respect to the purchase of medical consumables in the regions under their administration to control the price of medical consumables by reducing layers of distribution and limiting price markups during the distribution process. Substantially all of our sales of Distribution Products are treated as the sales by the manufacturer of the products for the purpose of the Two-Invoice System. For the years ended December 31, 2019, 2020 and 2021, we had six, seven and eight domestic distributors covering the provinces where sales of our ophthalmic medical consumables are subject to the Two-Invoice System, and our sales that are subject to the Two-Invoice System represented less than 2.5% of our total revenue during the Track Record Period. We had complied with the applicable laws and regulations in respect of the Two-Invoice System in all material aspects throughout the Track Record Period and up to the Latest Practicable Date. For details, see "Business — Sales and Distribution — Pricing."

## RESEARCH AND DEVELOPMENT

Research and development efforts are critical to our continued business growth. We actively develop new Proprietary Products and we strive to cover all major ophthalmic product lines. As of the Latest Practicable Date, our Group had 35 R&D personnel. Our experienced R&D team has accumulated extensive expertise in optics, material sciences and process improvement, which enabled us to further the development of our pipeline products and evolvement of existing products. For example, our knowhow on hydrophilic and hydrophobic materials is expected to enable us to improve our intraocular lens products. As of the Latest Practicable Date, our R&D personnel had more than ten years of industry experience on average. We also engaged the founder of Teleon, Bernardus Franciscus Maria Wanders, as our R&D consultant. Bernardus Franciscus Maria Wanders was the inventor of more than ten patents as to intraocular lens. With extensive R&D experience, we believe that he will bring valuable clinical practice insights to our product design and development process. We have obtained a series of intellectual property rights in relation to our technologies and products. See "— Intellectual Property." For the years ended December 31, 2019, 2020 and 2021, our total R&D expenses amounted to RMB2.7 million, RMB3.1 million and RMB23.5 million, respectively.

We implement a clinical demand-oriented R&D strategy and focus on the research and development of ophthalmic devices that complement our existing product portfolio and broaden the spectrum of portfolio coverage. We strategically focus on research and development of intraocular lens products for treatment of refractive error and cataract, orthokeratology lens and surgical medical instruments.

## MANUFACTURING

We manufacture our Proprietary Products. We mainly manufacture (i) implants, which mainly refers to various intraocular lens; and (ii) diagnosis equipment, which consists of electrophysiology equipment. Implants and diagnosis equipment involve different production processes and techniques.

We produce and assemble our products at our domestic manufacturing facilities in Zhejiang, Jiangsu and Guangdong, and our overseas manufacturing facilities in the Netherlands and Germany. Our manufacturing facilities have a total GFA of 6,813 square meters. Our manufacturing facilities primarily consist of production lines, cleanrooms, sterilization plants and warehouses.

## RAW MATERIAL AND SUPPLIERS

The principal raw materials for our products include, among others, hydrophobic acrylic button and hydrophilic acrylic material blank for manufacturing of intraocular lens. Our procurement department is responsible for making procurement plans, placing orders with suppliers and managing suppliers. For key raw materials, we require our suppliers to provide us with product quality inspection reports. We also keep records of purchase orders and raw material shipments. Our research and development department and quality control department are also involved in the procurement process and participate in raw material quality control.

Unlike our brand partners, who sell to us Distribution Products directly for sale onward and collaborate with us with respect to the product registration and trainings as to the maintenance and repair of products, our suppliers supply us with raw materials utilized in the course of our manufacturing, and we do not need to discuss with our raw material suppliers with respect to obtaining registration of medical device for their products or their after-sale services and technical support. We generally enter into supply agreements with our raw material suppliers on a case-by-case basis. According to these supply agreements, we and our raw material suppliers generally determine the price on an annual basis with reference to the type and market price of raw materials, and we usually make prepayment for the raw materials. We shall place orders for our purchases of the raw materials and the orders shall specify the type, parameter and quantities requested. We shall also provide our suppliers with rolling forecast of demand for their products.

## COMPETITIVE STRENGTHS AND BUSINESS STRATEGY

We believe that the following are our competitive strengths and investment highlights:

- We are a comprehensive provider of ophthalmic medical device in the PRC. With our international presence and strategic product and service layout, we have established multi-layered competition barriers

- Rich product portfolio covering all major ophthalmic medical device categories, providing our customers with one-stop integrated solutions

- Strong and multi-centered R&D capacity with abundant self-developed pipeline products

- Strong sales track record based on multi-channel sales model driven by value-creation oriented marketing

- Strong technical service team in support of the nationwide industry-leading service network

- Experienced management team with abundant exposure in the industry and strong support from well-known investors

We intend to implement a business strategy with the following key components:

- Continue to increase R&D investment and strengthen technological innovation to improve our product portfolio composition, with a view to broadening the spectrum of our Proprietary Products and optimizing cooperation with our brand partners, thereby further solidifying our market position

- Continue to promote our value-added solutions capability to improve customer stickiness and satisfaction with our persistent focus on patients' needs and dedication to China's ophthalmologic medical device market

- Solidify our market position in China and expand our global footprint through organic growth and strategic collaborations to achieve the balanced development of our domestic and overseas businesses

- Continue to attract, train and retain talent, align our employees with our core values and strengthen our organizational culture to lay a solid foundation for the development of our Company

## SUMMARY OF KEY FINANCIAL INFORMATION

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

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

| | For the year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2019 | | 2020 | | 2021 | |
| | Amount | % of revenue | Amount | % of revenue | Amount | % of revenue |
| | *RMB'000 (except percentages)* | | | | | |
| Revenue | 1,106,655 | 100 | 962,075 | 100 | 1,298,218 | 100 |
| Cost of sales | (643,310) | (58.1) | (525,898) | (54.7) | (688,747) | (53.1) |
| Gross profit | 463,345 | 41.9 | 436,177 | 45.3 | 609,471 | 46.9 |
| Other income and gains | 14,615 | 1.3 | 36,445 | 3.8 | 77,900 | 6.0 |
| Selling and distribution expenses | (200,518) | (18.1) | (160,789) | (16.7) | (189,470) | (14.6) |
| Administrative expenses | (78,442) | (7.1) | (90,108) | (9.4) | (131,522) | (10.1) |
| Research and development expenses | (2,659) | (0.2) | (3,139) | (0.3) | (23,506) | (1.8) |
| Other expenses | (190,933) | (17.3) | (66,355) | (6.9) | (397,312) | (30.6) |
| Finance costs | (3,259) | (0.3) | (3,076) | (0.3) | (83,525) | (6.4) |
| **Profit /(Loss) before tax** | 2,149 | 0.2 | 149,155 | 15.5 | (137,964) | (10.6) |
| Income tax expense | (40,175) | (3.6) | (50,617) | (5.3) | (53,607) | (4.1) |
| **Profit /(Loss) for the year** | (38,026) | (3.4) | 98,538 | 10.2 | (191,571) | (14.8) |
| Attributable to: | | | | | | |
| Owners of the parent | (37,041) | (3.3) | 99,367 | 10.3 | (190,447) | (14.7) |
| Non-controlling interests | (985) | (0.1) | (829) | (0.1) | (1,124) | (0.1) |
| | (38,026) | (3.4) | 98,538 | 10.2 | (191,571) | (14.8) |
| **Non-IFRS (reconciliation items)** | | | | | | |
| Fair value loss on Preferred Shares | 173,152 | 15.6 | 64,631 | 6.7 | 375,606 | 28.9 |
| [**REDACTED**] expenses | – | – | – | – | [REDACTED] | [REDACTED] |

Our revenue decreased from RMB1,106.7 million for the year ended December 31, 2019 to RMB962.1 million for the year ended December 31, 2020 due to the decline in demand for our products as ophthalmic hospitals and clinics suspended or reduced their operation in light of the outbreak of COVID-19 in China in the first half of 2020. The COVID-19 outbreak also caused practical difficulties in holding marketing events and activities which led to a decrease in our selling and distribution expenses.

We recorded net loss of RMB38.0 million for the year ended December 31, 2019, net profit of RMB98.5 million for the year ended December 31, 2020 and net loss of RMB191.6 million. Such fluctuation was primarily attributable to the fluctuation of our revenue, which amounted to RMB1,106.7 million, RMB962.1 and RMB1,298.2 million for the years ended December 31, 2019, 2020 and 2021 and was negatively impacted by the outbreak of COVID-19 in 2020, and contributed by our acquisitions of Teleon since January 2021, and the fair value loss on Preferred Shares, which amounted to RMB173.2 million, RMB64.6 million and RMB375.6 million for the years ended December 31, 2019, 2020 and 2021, respectively. The determination of fair value of the Preferred Shares is subject to a number of assumptions. Please refer to Note 32 to the Accountants' Report as set out in Appendix I to this Document.

Our adjusted net profit (Non-IFRS measure) increased from RMB135.1 million for the year ended December 31, 2019 to RMB163.2 million for the year ended December 31, 2020 as the decrease in selling and distribution expenses and other expenses excluding the fair value gain and loss on the Preferred Shares outweighed the drop in gross profit. Our adjusted net profit increased to RMB209.3 million for the year ended December 31, 2021, primarily due to the increase of revenue in 2021 after the acquisition of Teleon and our sales of products in China recovered in 2021 from the market low point in light of the outbreak of COVID-19 in 2020.

**Non-IFRS Measure**

To supplement the Group's consolidated financial statements, which are presented in accordance with the IFRS, the Company also uses adjusted net profit for the year, which are not required by, or presented in accordance with the IFRS.

We define adjusted net profit (Non-IFRS measure) as net profit/(loss) adding back fair value loss on Preferred Shares and [**REDACTED**] Expenses. Fair value losses on Preferred Shares are non-cash in nature and do not result in cash out-flow, and given that the Preferred Shares will be converted into Shares upon the [**REDACTED**], we do not expect to record such losses after the [**REDACTED**]. [**REDACTED**] expenses are one-off expenses relating to the [**REDACTED**]. We believe the exclusion of fair value losses on Preferred Shares and [**REDACTED**] Expenses provides investors and management with greater visibility as to the underlying performance of our business operations and facilitates comparison of operating performance of other companies in our industry and of ourselves during different periods.

However, our presentation of adjusted net profit may not be comparable to similarly titled measures presented by other companies. The use of this measure has limitations as an analytical tool. As such, it should not be considered in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under the IFRS.

The table below sets forth a reconciliation of net profit/(loss) for the year to adjusted net profit (Non-IFRS measure) for the years indicated:

| | For the year ended December 31, | | |
|---|---|---|---|
| | 2019 | 2020 | 2021 |
| | Amount | Amount | Amount |
| | | *RMB'000* | |
| **Profit /(Loss) for the year** | (38,026) | 98,538 | (191,571) |
| Fair value loss on Preferred Shares | 173,152 | 64,631 | 375,606 |
| [**REDACTED**] expenses | – | – | [**REDACTED**] |
| **Adjusted net profit for the year (Non-IFRS measure)** | 135,126 | 163,169 | 209,268 |

**Summary of Consolidated Statements of Financial Position**

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated.

| | As of December 31, | | |
|---|---|---|---|
| | 2019 | 2020 | 2021 |
| | | *RMB'000* | |
| **Current assets** | | | |
| Financial assets at fair value through profit or loss | 200,169 | 10 | – |
| Inventories | 195,799 | 239,570 | 240,109 |
| Trade receivables | 193,739 | 170,796 | 170,054 |
| Contract assets | 1,666 | 2,190 | 1,937 |
| Prepayments, other receivables and other assets | 23,064 | 22,171 | 54,928 |
| Pledged deposits | – | 6,810 | 13,757 |
| Cash and cash equivalents | 332,762 | 307,490 | 608,996 |
| **Total current assets** | 947,199 | 749,037 | 1,089,781 |
| **Current liabilities** | | | |
| Trade payables | 113,295 | 104,417 | 68,018 |
| Derivative financial instrument | 323 | 128 | 296 |
| Other payables and accruals | 105,587 | 153,128 | 124,181 |
| Tax payable | 37,417 | 28,826 | 19,792 |
| Interest-bearing bank and other borrowings | 37,502 | 866,184 | 122,464 |
| Contract liabilities | 105,596 | 121,584 | 93,884 |
| Lease liabilities | 7,257 | 6,233 | 12,600 |
| **Total current liabilities** | 406,977 | 1,280,500 | 441,235 |

| | As of December 31, | | |
|---|---|---|---|
| | 2019 | 2020 | 2021 |
| | | *RMB'000* | |
| **Net current assets/(liabilities)** | 540,222 | (531,463) | 648,546 |
| **Non-current assets** | | | |
| Property, plant and equipment | 7,793 | 12,214 | 42,882 |
| Right-of-use assets | 20,936 | 19,659 | 42,643 |
| Goodwill | 16,190 | 31,228 | 882,698 |
| Intangbile assets | 13,375 | 21,751 | 303,889 |
| Long term accounts receivable | 1,030 | – | – |
| Prepayments and other receivables | 7,349 | 9,526 | 23,843 |
| Investment prepayment | – | 1,377,908 | – |
| Contract assets | 356 | 649 | 84 |
| Deferred tax assets | 14,809 | 13,804 | 40,849 |
| **Total non-current assets** | 81,838 | 1,486,739 | 1,336,888 |
| **Non-current liabilities** | | | |
| Government grant | 788 | 99 | – |
| Interest-bearing bank and other borrowings | – | 194,905 | 635,334 |
| Loan at fair value through profit or loss | – | – | 159,099 |
| Convertible redeemable preferred shares | 644,182 | 663,648 | 1,660,424 |
| Contract liabilities | 27,769 | 29,162 | 29,259 |
| Deferred tax liabilities | 3,024 | 5,762 | 66,374 |
| Other payables and accruals | – | – | 36,536 |
| Lease liabilities | 16,082 | 13,890 | 31,779 |
| **Total non-current liabilities** | 691,845 | 907,466 | 2,618,805 |
| **Non-controlling interests** | 11,545 | 22,185 | 23,061 |
| **Net assets/(liabilities)** | (69,785) | 47,810 | (633,371) |

Our net current liabilities amounted to RMB531.5 million as of December 31, 2020 which reflected our utilization of cash resources and also the short-term bridge loans we obtained to fund the acquisition of Teleon.

We recorded (i) net liabilities of RMB69.8 million as of December 31, 2019, which was primarily attributable to total comprehensive loss of RMB38.5 million and Shares repurchased of RMB67.9 million, and (ii) net liabilities of RMB633.4 million as of December 31, 2021, which was primarily attributable to total comprehensive loss of RMB250.2 million and Shares repurchased of RMB489.7 million for the year ended December 31, 2021. On the other hand, we recorded net assets of RMB47.8 million as of December 31, 2020, which was primarily attributable to our total comprehensive income of RMB106.1 million for the year ended December 31, 2020.

For details, please refer to the "Consolidated Statements of Changes in Equity' included in the Accountants' Report as set out in Appendix I to this Document.

As advised by our PRC Legal Adviser, our PRC subsidiaries cannot pay dividends if our PRC subsidiaries are in an accumulated loss position. According to the PRC Company Law, a PRC incorporated company is required to set aside at least 10% of its after-tax profits each year, after making up previous years' accumulated losses, if any, to contribute to certain statutory reserve funds until the aggregate amount contributed to such funds reaches 50% of its registered capital. Our PRC subsidiaries may pay dividends out of after-tax profits after making up for accumulated losses and contributing to statutory reserve funds as mentioned above. In addition, as advised by Harney Westwood & Riegels, our Cayman Islands Legal Adviser, despite of our accumulated losses, we may declare and pay a dividend at any time, provided that we shall be able to pay our debts as they fall due in the ordinary course of business and to the extent that it is permitted by our articles of association. There is no net asset value test which must be satisfied before a dividend is paid by us. Dividends can be sourced from (i) our realized or unrealized profits; and/or (ii) the proceeds of a fresh issue of new shares; and/or (iii) amounts standing to the credit of our share premium account.

**Summary of Consolidated Statements of Cash Flow**

The following table sets forth a summary of our consolidated cash flow statements for the periods indicated.

| | For the year ended December 31, | | |
|---|---|---|---|
| | 2019 | 2020 | 2021 |
| | | *RMB'000* | |
| Net cash flows from operating activities | 171,064 | 130,001 | 164,486 |
| Net cash flows from/(used in) investing activities | (136,298) | (998,022) | 79,835 |
| Net cash from/(used in) financing activities | (75,471) | 856,356 | 72,843 |
| Net increase/(decrease) in cash and cash equivalents | (40,705) | (11,665) | 317,164 |
| Cash and cash equivalents at beginning of year | 387,688 | 332,762 | 307,490 |
| Effect of foreign exchange rate changes, net | (14,221) | (13,607) | (15,658) |
| Cash and cash equivalents at end of year | 332,762 | 307,490 | 608,996 |

**Key Financial Ratios**

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

| | As of/for the year ended December 31, | | |
|---|---|---|---|
| | **2019** | **2020** | **2021** |
| Gross profit margin (%)(1) | 41.9 | 45.3 | 46.9 |
| Current ratio(2) | 2.3 | 0.6 | 2.5 |
| Quick ratio(3) | 1.8 | 0.4 | 1.9 |
| Gearing ratio (%)(4) | (87.2)(5) | 2,261.5 | (151.8)(5) |

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

(2) Current ratio represents current assets divided by current liabilities as of the same date.

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

(4) Gearing ratio represents total interest-bearing borrowings (including interest-bearing bank borrowings and other borrowings, lease liabilities, and loan at fair value through profit and loss) divided by net assets or liabilities as of the ends of the period and multiplied by 100%.

(5) The gearing ratios as of December 31, 2019 and December 31, 2021 were negative because the Company recorded net liabilities under the IFRS as of December 31, 2019 and December 31, 2021.

The significant decrease of the current ratio and the quick ratio (together, "**liquidity ratios**") as of December 31, 2020 reflected our utilisation of cash resources and the short-term borrowing we obtained to fund the acquisition of Teleon. On December 18, 2020, we entered into a bridge facility agreement with, among other lenders, Credit Suisse, to obtain a bridge loan of no more than EUR100 million, which was fully repaid on April 22, 2021 using proceeds from the Senior Facility Loan and the Mezzanine Facility Loan. See "History, Reorganization and Development — Our Major Subsidiaries in Germany and the Netherlands — Acquisition of Teleon." and "Financial Information — Indebtedness — Bank Borrowings" for more details. In addition, the gearing ratio fluctuated during the years of 2019, 2020 and 2021, which is mainly caused by the significant increase of interest-bearing bank borrowings in 2020.

**OUR CONTROLLING SHAREHOLDERS**

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), Gao Tieta through GT HoldCo will control an aggregate of approximately [**REDACTED**]% of the issued share capital of our Company. Therefore, Gao Tieta and GT HoldCo will be our Controlling Shareholders.

Gao Tieta is our executive Director, chairman of the Board and chief executive officer. For further background information, see "Directors and Senior Management."

## [REDACTED] INVESTMENTS AND REORGANIZATION

Since the incorporation of our Company, we have received several rounds of [**REDACTED**] Investments, with the final round completed in October 2021. Our [**REDACTED**] Investors include investment funds and international financial services firm. For further details of the identity and background of our [**REDACTED**] Investors and the principal terms of the [**REDACTED**] Investments, see "History, Reorganization and Development — [**REDACTED**] Investments."

## APPLICATION FOR [REDACTED] ON THE HONG KONG STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the [**REDACTED**] of, and permission to deal in, (a) the Shares in issue (including the Shares to be converted from the Preferred Shares) and (b) the Shares to be issued pursuant to the [**REDACTED**] (including any Shares which may be issued under the exercise of the [**REDACTED**]), under Rule 8.05(3) of the Listing Rules.

## [REDACTED]

The statistics in the following table are based on the assumptions that the [**REDACTED**] are completed and [**REDACTED**] shares are issued in the [**REDACTED**].

| | **Based on an [REDACTED] of HK$[REDACTED] per Share** | **Based on an [REDACTED] of HK$[REDACTED] per Share** |
|---|---|---|
| [**REDACTED**] of our [**REDACTED**][(1)] | HK$[**REDACTED**] | HK$[**REDACTED**] |
| Unaudited pro forma adjusted net tangible assets attributable to owners of the Company per [**REDACTED**][(2)] | HK$[**REDACTED**] | HK$[**REDACTED**] |

(1) The calculation of [**REDACTED**] is based on [**REDACTED**] Shares expected to be in issue immediately upon completion of the [**REDACTED**].

(2) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per [**REDACTED**] is calculated after making adjustments referred to in "Appendix II — Unaudited Pro Forma Financial Information" to this document.

## USE OF [REDACTED]

We estimate that we will receive net [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**], after deducting [**REDACTED**] commissions, fees and estimated expenses payable by us in connection with the [**REDACTED**], and assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the indicative [**REDACTED**] range stated in this Document.

We currently intend to apply these net [**REDACTED**] for the following purposes:

- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to improve our research and development capability and accelerate the commercialization of our patents within five years from the [**REDACTED**]. We would allocate [**REDACTED**]% to continuously upgrading our R&D capability of IOL products and hydrophobic and hydrophilic materials, [**REDACTED**]% to the R&D of ophthalmic diagnosis products and [**REDACTED**]% to the R&D as to optometric products to take on the industry trend of myopia prevention and domestic substitution;

- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to improve our production capacity and strengthen our manufacturing capabilities within five years from the [**REDACTED**];

- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to expand our sales and marketing within five years from the [**REDACTED**];

- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to fund potential strategic investment and acquisitions that could complement and expand our product portfolio and technologies, and in turn further drive our business growth within five years from the [**REDACTED**];

- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for our working capital and general corporate purposes; and

- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to repay our interest-bearing borrowings.

See "Future Plans and Use of [**REDACTED**]" for details.

## IMPACT OF COVID-19 PANDEMIC

On March 11, 2020, WHO declared the COVID-19 outbreak a global pandemic. Significant rises in COVID-19 cases have been reported since then, causing governments around the world to implement unprecedented measures such as city lockdowns, travel and business restrictions, quarantines and social distancing policies.

Since its outbreak in 2020, while it caused temporary disruption to our business and marketing efforts in China in 2020, COVID-19 pandemic did not have a material impact on our overall business development, results of operations and financial conditions during the Track Record Period and up to the Latest Practicable Date as a whole. Due to the COVID-19 pandemic, demand for our medical devices declined in 2020 after many surgeries were rescheduled and outpatient services were suspended in response to COVID-19 policies, and we experienced a temporary contraction in our business and results of operation, which is reflected in the decrease in the revenue in 2020. However, our sales and service offerings recovered and significantly increased since the third quarter of 2020 and such recovery and growth continued in 2021, as market demand bounced back and hospitals in China substantially resumed normal operations and unmet medical needs accumulated due to disruptions during the outbreak were escalated and addressed.

On the other hand, the COVID-19 pandemic did not have a material effect on our inventory and supply capacity. Our consumables inventory during the COVID-19 outbreak were sufficient to support our operations, and our brand partners have been able to sustain their supply. As a result, we have been able to manage and ensure a reasonable level of product supply and inventory.

Furthermore, the new variants of COVID-19 pandemic have not had a material effect on our overall business development, operation and financial performance, either. The virus continues to evolve and mutates into new variants, which are Delta and Omicron. At the end of 2021, Delta started to rapidly affect Xi'an City, which led to the lockdown in the first month of 2022. In addition, since the beginning of January 2022, Tianjin City has been affected by the outbreak of the Omicron variant and He'nan Province has been affected by both Delta and Omicron, which has led to the lockdown of several regions. Since March 2022, the outbreak of the Omicron variant has led to the citywide lock down of Shanghai and lockdown of several regions in Jilin, among other regions in China. A number of our end-customers are located in these regions and some of our end-customers have reduced and suspended operations during this period of time, causing delays in placing orders for our products (including ophthalmic medical equipment and ophthalmic medical consumables). As the recent COVID-19 resurgence may have adversely affected the operation of our end customers, the distribution of the ophthalmic medical consumables we sold to our domestic distributors may be suppressed. We believe our end customers determine their purchases primarily based on their estimated usage. On the other hand, we generally keep the physical possession of our ophthalmic medical equipment until the equipment being installed with the end customers. Therefore, we do not believe there would be any material amount of stocks locked up in the distributor level before on-sell to the end-customers caused by the recent COVID-19 resurgence. Instead, these have caused temporary disturbance to our operation by limiting our sales and marketing activities and interrupting the delivery and installment of our products, which resulted in the decline in our sales for the four months ended April 30, 2022 when compared with our sales for the same period in 2021. As the demand for our products and services was suppressed, instead of dissipated, during the recent COVID-19 resurgence, we believe such revenue would gradually recover after the situation has improved. The geographical concentration of our revenue in China was not significant, with customers located in our largest revenue generating province in 2021 in aggregate contributing less than 10% of our revenue from China for the year ended December 31, 2021. As the outbreak continue to the evolve, we aim to work closely with our customers and brand partners to minimize any impact any future outbreaks and corresponding outbreak control efforts may have on our operations and financial position.

On February 20, 2020, the Ministry of Human Resources and Social Security, the Ministry of Finance and the State Taxation Administration published the Notice on Reducing and Sparing the Social Security Contribution by the Enterprises by Phase, pursuant to which we were exempt from certain social security contribution in light of the COVID-19 pandemic. There were no other subsidies except for such unified policy of social insurance and provident funds exemptions.

As policies vary among different countries, with some opting to live with COVID-19 and others continuing to try to pursue a zero-COVID-19 strategy, it is uncertain how COVID-19 will continue to impact lives and economies globally. The above analysis is made by our management based on currently available information concerning COVID-19. We cannot guarantee that the COVID-19 outbreak will not further escalate or have a material adverse effect on our results of operations, financial position or prospects. For details, see "Risk Factors — Risks Relating to Our Business and the Industry — Our business may be affected by the occurrence of contagious diseases, such as COVID-19."

## DIVIDEND POLICY

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.

## [REDACTED] EXPENSES

[**REDACTED**] expenses to be borne by us are estimated to be approximately HK$[**REDACTED**] (including [**REDACTED**] commission and other expenses), representing approximately [**REDACTED**]% of the gross [**REDACTED**] from the [**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, which is the mid-point of the indicative [**REDACTED**] range stated in this Document, and assuming that the [**REDACTED**] is not exercised). Approximately HK$[**REDACTED**] is expected to be charged to our consolidated statements of profit or loss and other comprehensive income, and approximately HK$[**REDACTED**] is expected to be accounted for as a deduction from equity upon the [**REDACTED**]. The table below sets forth the breakdown of our [**REDACTED**] expenses.

[**REDACTED**]

The [**REDACTED**] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate. Our Directors do not expect such [**REDACTED**] expenses to have a material adverse impact on our results of operations for the year ending December 31, 2021.

## RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Our Preferred Shares will be converted into Shares upon the [**REDACTED**] and we expect that we will no longer record further fair value loss on Preferred Shares after the [**REDACTED**]. However, the fair value loss on Preferred Shares for the year ending December 31, 2022 is expected to substantially increase when compared to the year ended December 31, 2021, which is primarily resulted from the improving valuation of the Company upon the [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, which is the mid-point of the indicative [**REDACTED**] range stated in this Document. Such increase in the fair value loss on Preferred Shares is expected to result in substantial increase in our net loss for the year ending December 31, 2022.

Our Directors confirm that, as far as they are aware, there had been no material adverse change in our financial, trading position or prospects since December 31, 2021, being the latest date of our consolidated financial statements as set out in "Appendix I — Accountants' Report" of this Document, up to the date of this Document.

## RISK FACTORS

There are certain risks in our operations and in connection with the [**REDACTED**], many of which are beyond our control. We believe the most significant risks we face include but not limit to:

- The PRC ophthalmology medical device industry is rapidly evolving and highly competitive. We are subject to intense competition from domestic and international competitors, and we may face challenges in maintaining or enhancing our market share in this industry for a variety of reasons.

- Our business is subject to complex and evolving laws and regulations. We may not be able to successfully obtain, maintain or renew the regulatory filings or complete product registration testing or clinical trials in a timely manner and at acceptable costs, or at all, which may affect the sale and marketing of our products.

- We may not be successful in the public tender process, and lower bidding prices of our competitors and volume-based discounts and/or lower ex-factory and sale prices offered by these competitors may undermine our position in the public tender process and in turn adversely impact our sales performance.

- We are subject to changing legal and regulatory requirements in the PRC healthcare industry, and new laws, rules and regulations may impose significant compliance burdens on us. Our results of operations could be materially and adversely affected by the "Two-Invoice System" and volume based procurement initiative.

- Our success is tied to our ability to retain and attract brand partners as well as the success of our brand partners and the Distribution Products.

- Any damage to the reputation and recognition of our proprietary brand or our brand partners' brand names may materially and adversely affect our business operations and prospects.

- We recorded significant amount of goodwill. If we determine our goodwill to be impaired, our results of operations and financial condition may be adversely affected.

- We recorded significant amount of intangible assets (other than goodwill). If we determine our intangible assets (other than goodwill) to be impaired, our results of operations and financial condition may be adversely affected.

- We have incurred net losses and net liabilities in the past and may not be able to achieve or maintain profitability in the future. In addition, our financial performance may be adversely affected by fair value changes in our convertible redeemable preferred shares, which will not continue to affect the Group's financial performance until its conversion upon the [**REDACTED**].

## THE INCIDENT

Before the Track Record Period, one of our former directors served as a witness in a bribery case against an Independent Third Party, who had solicited illegal payments from such former director in 2005. No charge has been laid against such former director or the Group by any judicial authorities in connection with such incident. See "Business — Legal Proceedings and Regulatory Compliance — The Incident." The Incident has revealed certain deficiencies and weaknesses in our internal control system. In light of this, we have taken steps to identify and address deficiencies in our internal controls and established a compliance program. See "Business — Risk Management and Internal Control."