You should carefully consider all of the information set out in this Document, including the risks and uncertainties described below, before making an investment in our Shares. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks and uncertainties. The* [REDACTED] *of our Shares could decline due to any of these risks, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that we deem immaterial, could also harm our business, financial condition and results of operations.

RISKS RELATING TO OUR BUSINESS AND THE INDUSTRY

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.

The PRC ophthalmology medical device industry is highly competitive and fragmented and rapidly evolving as a result of technological developments in the industry, economic growth, changes in government policies, increasing competition and other factors. We face competition from both domestic and international competitors across most of our product lines in terms of functionality, the timing and scope of regulatory approvals required, sales and marketing capabilities, availability and cost of supply and patent position. In general, we primarily face pricing competition from domestic competitors, and competition on product quality and brand recognition from international competitors. In addition, some of our competitors may possess, among other things:

- greater financial and other resources;
- product portfolios comprising great variety of brands and products that are better recognized by physicians;
- more extensive R&D and better technical capabilities and human resources;
- stronger manufacturing capabilities;
- more extensive sales networks; or
- better support in terms of technical training provided.

Further, as our exclusive arrangements with our brand partners are on a product-by-product basis, our brand partners may choose to enter into arrangements with our competitors (whether on an exclusive or non-exclusive basis) to sell their other products, thereby depriving us the opportunity to complete our product portfolio and subject us to increased competition. In addition, although we have taken great care in selecting our Distribution Products, the non-compete clauses in the exclusive distribution agreements with our brand partners may impede us from cooperating with other global leading ophthalmology medical device providers who may have access to more

advanced and innovative products than our brand partners before the terms of such agreements expire. See "Business — Our Brand Partners." We did not incur any material loss of revenue due to the non-compete clauses in the exclusive distribution agreements with our brand partners during the Track Record Period given that such arrangement is integral with the exclusive arrangements with our brand partners which allows us to secure revenue without competition for the same products. Nevertheless, we may not be able to successfully compete with our competitors and cannot ensure you that we will be able to demonstrate the advantages in quality, functionality and/or convenience of our Distribution Products to overcome competition with comparable products which we may not be able to distribute due to the non-compete clauses and to be commercially successful.

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.

Major aspects of our operations, including product registration or filing, manufacturing, packaging, sales and distribution, pricing, environmental protection, among other things, are regulated by comprehensive local, regional and national regulatory regimes.

Our products are required to complete regulatory filings or obtain registration certificates from the NMPA or its local branches at the provincial or prefectural city level or from the competent regulatory authorities in other jurisdictions where we sell our products before they can be marketed and sold. In China, medical devices are classified into Class I, Class II and Class III with reference to the degree of risks associated with each medical device and the extent of control needed to ensure safety and effectiveness. The domestic Class I medical devices shall be filed with the local branches at the prefectural city level of the NMPA and the imported Class I medical devices shall be filed with the NMPA before they may be commercialized. The domestic Class II and Class III medical devices are examined by the provincial branches of the NMPA and the NMPA, respectively, and the imported Class II and Class III medical devices are examined directly by the NMPA, and registration certificates from competent authorities shall be obtained for their commercialization. As of the Latest Practicable Date, we had 15 key pipeline products, all of which are Class II or Class III medical devices. They are in various stages of clinical trials, product registration and regulatory filing procedures with the NMPA. See "Business — Business Model."

In order to obtain product registration certificates, Class II and Class III medical devices shall undergo product registration testing and clinical trials, to demonstrate their safety and effectiveness, unless they fall into the catalogue of the products that are exempted from clinical trials published by the NMPA. Such testing is conducted by third-party testing institutions recognized by the NMPA. The product registration testing schedule of these testing institutions are beyond our control, and we cannot assure you that our pipeline products will pass these tests in a timely manner, or at all. For the medical devices fall into the catalogue of Class III medical devices with higher risks to human health, NMPA approvals are required before clinical trials can be carried out. See "Regulatory Overview — Laws and Regulations related to our Business in the PRC — Laws and Regulations relating to Medical Devices — Regulations on the Supervision and Administration of Medical Devices."

Clinical trials may be expensive and the duration of a clinical trial generally varies substantially with the type, complexity, novelty and intended use of the product. With respect to the Proprietary Product, we engaged a CRO for the development and registration of our intraocular lens product during the year ended December 31, 2021. We also engaged one CRO for the registration of a Distribution Product during the six months ended June 30, 2022. The responsibilities of the CROs we engaged were limited to site management organization services and the collection and analysis of clinical data, and they were not entitled to any relevant intellectual property related to the research. With respect to our Distribution Products, we help our brand partners to identify suitable CROs for the registration of their products in China, and brand partners usually enter into agreements with the CROs directly. We cooperate with such CROs by providing certain information necessary for the clinical trial of the Distribution Products, which included, among others, quality assurance system and product portfolio information of the brand partners, product inspection report and specification of the Distribution Product, and such CROs do not charge us for the services they render for our brand partners save as disclosed above. For details, see "Business — Research and Development — Research and Development Approach and Process." In our experience, clinical trials for our products may span one year, but could take longer. Delays or failures may occur in clinical trials for many reasons, including but not limited to:

- failure by our brand partners or by us or the CROs to begin or complete clinical trials due to disagreements with regulatory authorities;
- disagreement on the interpretation of data from clinical trials conducted in respect of our products;
- failure of clinical trial results to meet the level of statistical significance required for approval; or
- CROs, clinical sites or other participants in clinical trials deviating from a trial protocol or failing to conduct the trial in accordance with regulatory requirements, or dropping out of a trial.

We cannot guarantee that clinical trials for our products will show safety and effectiveness results as expected. Success in testing procedures does not warrant success in clinical trials. Negative or inconclusive results or safety issues caused by our pipeline products could cause us or the regulatory authorities to interrupt, delay, suspend or terminate clinical trials or result in the delay or denial of regulatory approval by the NMPA. Failure in product registration testing and clinical trials or any other failure to adequately demonstrate the safety and effectiveness of any of our pipeline products would prevent receipt of regulatory approvals in a timely manner or at all and would adversely affect the sale and marketing of these products, our ability to generate sales revenue from any of these products, the expansion and diversification of our product portfolio as well as our ability to help our brand partners expand their product offering in China.

The outcome of filing and registration process is unpredictable, and may be lengthy and costly, and depends on numerous factors, some of which are beyond our control, including the discretion of regulatory authorities. Regulatory authorities other than those of China, such as the U.S. Food and Drug Administration and the European Medicines Agency, also impose approval requirements for medical devices to be commercialized with which we must comply to sell our products in those jurisdictions. These requirements may vary from country to country, and may

involve additional testing, validation and administrative review processes, which could be costly and time consuming. Even if we are able to obtain the registration certificates for our products, if safety issues are identified with respect to our products, we may be subject to compulsory sales and marketing suspension, and the registration certificates for such products may be cancelled.

Moreover, registration certificates for medical devices are subject to renewal. For example, registration certificates for medical devices in China have a five-year term and must be renewed by filing renewal applications with the NMPA or its provincial branches at least six months prior to the expiry of the certificate. When deciding whether or not to grant renewal, the NMPA or its provincial branches consider, among other things, whether the product conforms to the latest applicable standards or quality requirements, and whether the product was involved in any adverse event during the past five years. If the NMPA or its provincial branches decide not to grant the renewal of our registration certificates, we will be unable to continue to manufacture and/or sell the relevant products, which would have a material and adverse effect on our business, financial condition and results of operations.

In addition to the registration certificates, companies engaging in manufacturing of Class II and Class III medical devices are required to obtain and maintain the Manufacture License for Medical Devices (醫療器械生產許可證) and companies engaging in the operation and sale of Class III medical devices are also required to obtain and maintain the Business Operation License of Medical Devices (醫療器械經營許可證). See "Regulatory Overview — Laws and Regulations Relating to Medical Devices — Regulations on the Production and Quality Management of Medical Devices." Such permits, licenses and certificates are subject to periodic reviews and renewals by relevant government authorities, and the standards of such reviews and renewals may change from time to time. There can be no assurance that authorities will approve the application for such permits, licenses and certificates or their renewal in the future. Failure to comply with relevant regulations or obtain or renew any permits, licenses and certificates necessary for our operations may result in penalties, fines, governmental sanctions, proceedings and/or suspension or revocation of our permits, licenses or certificates necessary to conduct our business, and may also result in being ordered to suspend or cease operations and being subject to confiscation of income derived from non-compliant activities.

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 participate in public tender processes, through which our end customers determine the catalogue of the products that they would purchase, to compete for the right to sell our Distribution Products or our Proprietary Products to our end customers. Our maximum retail prices largely depend on the bidding prices determined through such public tender process. The public tender process requirements, such as those relating to volume-based procurement, may negatively impact our sales, gross profit and profitability and hinder our ability to expand our overall sales network, and in turn, materially and adversely affect our business and results of operations. See "Regulatory Overview — Laws and Regulations Relating to Medical Devices — Tendering Processes for Medical Devices." See also "Business — Sales and Distribution — Pricing" and "Financial Information — Key Factors Affecting our Results of Operations — Regulatory Environment in China."

Our bids during the public tender process may not be successful and our products may not be chosen for a number of reasons, including among other things:

- our prices may not be competitive. For example, our competitors may have lower bidding prices. In addition, as we endeavor to maintain stable ex-factory and sale prices, we may face pressure to set competitive bidding prices comparable to competitors that offer volume-based discounts and/or lower ex-factory and sale prices to their distributors, which may undermine our position on pricing in the public tender process and in turn may negatively impact our sales performance;

- our products fail to meet the technical or quality requirements imposed by the hospitals or are less clinically effective or efficient than competing products;

- our product quality or any other aspect of our operation fails to meet the relevant requirements;

- even if our products become qualified for procurement by public hospitals and other not-for-profit medical institutions in a particular region, there is no guarantee that such entities would purchase our products, as they have the sole discretion to select between our products and other qualified competing products; or

- our reputation is adversely affected by unforeseeable events.

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.

The healthcare industry in China is subject to extensive government regulation and supervision as well as monitoring by various government authorities. In particular, the current regulatory framework addresses all aspects of a medical company's operations, including approval, production, licensing, certification requirements and procedures, periodic renewal and reassessment processes, registration of new medical devices, quality control, pricing of medical devices and environmental protection. Any violation of the relevant laws, rules and regulations may constitute a criminal offense under certain circumstances. Certain other laws, rules and regulations may affect the pricing, demand and distribution of products of our brand partners, such as those relating to procurement, prescription and dispensing of essential and other medical devices by hospitals and other medical institutions, retail stores and government funding for private healthcare and medical services. In recent years, the PRC government implemented a pilot program, known as "Two-Invoice System" (兩票制), which refers to the system that allows a maximum of two invoices to be issued across the pharmaceutical supply chain, namely, one invoice to be issued from pharmaceutical manufacturers to pharmaceutical distributors and the other invoice to be issued from pharmaceutical distributors to medical institutions thereby eliminating multiple layers of distributors and reducing the multi-tiered margins involved. The Notice on Printing and Distributing the Reform Plan for the Management of High-value Medical Consumables (《關於印發〈治理高值醫用耗材改革方案〉的通知》) issued on July 19, 2019 by the General Office of the PRC State Council (the "**Circular on High-Value Medical Consumables**") encouraged local governments to adopt the "Two-Invoice System" on a case-by-case basis to

reduce resales of high-value medical consumables and promote the transparency of purchase and sales. Pursuant to the Reply of the National Healthcare Security Administration to Recommendation No. 1209 of the Second Session of the 13th National People's Congress (《國家醫療保障局對十三屆全國人大二次會議第1209號建議的答覆》) issued on July 23, 2019 by the National Healthcare Security Administration, the "Two-Invoice System" for high-value medical consumables needs to be further discussed given the huge differences between high-value medical consumables and pharmaceuticals and the complexity of clinical use and after-sales service. See "Regulatory Overview — Laws and Regulations Relating to Medical Devices — Two-Invoice System." While the implications remain uncertain, should such pilot program become mandatory nationwide, given that a portion of our business is conducted through sales to other distributors, we may need to adjust our business model, which could result in a material and adverse effect on our business, financial condition and results of operations. For the years ended December 31, 2019, 2020 and 2021 and the six months ended June 30, 2022, we had six, seven, eight and seven 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 such system represented less than 2.5% of our aggregate revenue during the Track Record Period.

Furthermore, in recent years, the PRC government also strengthened the implementation and expanded the scope of application of the "volume-based procurement" (帶量採購), which refers to a centralized procurement regime based on public tender processes in an effort to regulate prices of medical devices through group procurement at the provincial level. The Circular on High-Value Medical Consumables proposed to explore the classification of high-value medical consumables in accordance with the principles of volume-based procurement, volume-price linkage, and promotion of market competition, and to conduct centralized procurement.

The policies of centralized procurement of medical consumables set by the PRC government have covered our medical consumable products (including intraocular lens). For the six months ended June 30, 2022, the revenue generated from the sales of intraocular lens represented 88.0% of that of our Proprietary Products during the same year. As of the Latest Practicable Date, four of our products, namely Lentis spherical intraocular lens (PCA81), Lentis aspherical monofocal intraocular lens (L-312), Lentis Comfort EDoF intraocular lens (LS-313 MF15) and Lentis Comfort EDoF intraocular lens (LS-313 MF15T) had been sold under at least one centralized volume-based procurement regime. Except for Lentis Comfort EDoF intraocular lens (LS-313 MF15T), which was not admitted into any centralized volume-based procurement regime until December 2021, admissions to the centralized volume-based procurement regime resulted in a decrease in average sale prices of these products by 8% to 16% in the first fiscal year after being admitted. See "Financial Information — Key Factors Affecting our Results of Operations — Regulatory Environment in China" and "Business — Sales and Distribution — Pricing" and "Regulatory Overview — Laws and Regulations Relating to Medical Devices — Regulations on Centralized Volume-Based Procurement" for details. Any downward changes in the pricing of our intraocular lens products or other existing and pipeline products due to the expansion or tightened implementation of the centralized volume-based procurement may have a material adverse impact on our revenue, profitability, gross profit margin, financial condition and results of operation. It is uncertain whether the centralized procurement scope would be expanded in the future, resulting in the inclusions of our other products.

In addition, the medical device manufacturing, medical device distribution, medical device retail, healthcare services and medical device industries in China are each subject to extensive and evolving government regulations and supervision. Any unfavorable regulatory changes in these industries may also increase compliance burden of ours as well as that of our brand partners, and materially and adversely affect our business, profitability and prospects. We cannot predict the likelihood, nature or extent of regulatory changes of the existing or future legislation in China. Furthermore, if the interpretation or implementation of existing laws and regulations changes or new regulations come into effect, we may be required to obtain any additional permits, licenses or certificates. There is no assurance that we will respond successfully and timely to such changes, or at all. Such changes may also result in increased compliance costs or prevent our successful development, manufacture or commercialization of products in China, which would adversely affect our business, financial condition and results of operations.

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.

We help our brand partners with respect to their sales of ophthalmic medical device in China by supporting them to obtain regulatory registration, managing the distribution of their products and handling the inventory and logistics in light of the regulatory and market complexities and difficulties of the medical device market in China. By entering into the supply and distribution agreements, we purchase from our brand partners the Distribution Products which we then on-sell to our customers in China. For the years ended December 31, 2019, 2020 and 2021 and the six months ended June 30, 2021 and 2022, our revenue attributed to the sales of the Distribution Products amounted to RMB986.0 million, RMB793.1 million, RMB811.0 million, RMB349.0 million and RMB338.7 million, respectively, accounting for 98.9%, 97.0%, 72.0%, 71.8% and 70.5% of our revenue from sales of products, respectively. If the extent of such complexities and difficulties decline as a result of changes in the ophthalmology medical device landscape or otherwise, or if our brand partners choose to establish or increase their proprietary operation presence as an alternative or supplement to us, we may become less important or attractive to our brand partners, and demand for our sales and technical service capabilities may decline.

Furthermore, as we strategically approach brand partners in the global ophthalmology medical device industry who may provide Distribution Products that complement and diversify our existing portfolio, our revenue and profitability are also tied to the success of our brand partners and their products. We cannot assure you that our efforts to expand and optimize our brand partner base or our product portfolio will be successful, and our brand partners may not be able to provide products that meet the market demand in China or they may not supply us with such products at all. Failure to expand and optimize our product portfolio through our brand partners may have material adverse impact on our business performance or results of operation. For example, we enter into exclusive distributorship arrangements with brand partners on a product-by-product basis and some of our contracts with existing brand partners contain non-compete provisions prohibiting us from selling competing products of, or providing related services to, competitors of our brand partners. Such provisions have restricted and may continue to restrict our ability to do business with potential brand partners and our ability to diversify our product mix. Furthermore, if our brand partners were to experience any significant difficulty with respect to their operation or products, such as newly identified quality, safety issues or loss of competitive strength, or if they were to have any financial or supply difficulties, suffer impairment of their brands or if the profitability of, or demand for, their products decreases for any other reason, it could adversely affect our results of operations and our ability to maintain and grow our business. Our business could also be adversely affected if our Distribution Products sales, marketing or branding are not successful.

Moreover, our agreements with brand partners included terms generally ranging from three to ten years. These contracts may not be renewed on the same or more favorable terms for us, or at all. We may not be able to accurately predict future trends in brand partners renewals, and scope of cooperation with our brand partners may change due to level of satisfaction with our sales performance and results of operation with respect to the Distribution Products, as well as factors beyond our control, such as the emergence of competitive products in the PRC ophthalmology medical device market. While we have built strong partnerships with most brand partners, in the past, some brand partners did not renew their business relationships with us and we cannot assure you that our existing brand partners will renew their business relationships with us in the future. If some of our existing brand partners, in particular brand partners with years of cooperation with us, terminate or do not renew their business relationships with us, renew on less favorable terms or for narrower scoping, and we do not acquire replacement brand partners or otherwise grow our brand partner base, our results of operations may be materially and adversely affected.

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 depend on our and our brand partners' reputation and brand names in many aspects, including, but not limited to:

- gaining access to, and for products of our brand partners to be perceived favorably by, hospitals, other medical institutions and doctors, which are the main driving force behind the demand for our brand partners' medical device products in China;
- winning the public tender processes;
- gaining the trust of customers and, in turn, competitively increasing our market share through brand recognition; and
- successfully attracting employees, distributors, retail chain stores and third-party promoters to work with us and, in particular, enhancing our core competencies with respect to research and development activities.

However, our and our brand partners' reputation and brand names may be materially and adversely affected by a number of factors, many of which are beyond our control, including:

- adverse associations with our services, including with respect to products produced by our brand partners and other service providers;
- lawsuits, product recalls or regulatory investigations against us or our brand partners or related products;
- improper or illegal conduct by our brand partners, employees, or distributors, whether or not authorized by us; and
- adverse publicity associated with us, our brand partners, our services or our industry, whether founded or unfounded.

Any damage to our or our brand partners' reputation or brand names as a result of these or other factors may cause us or the products we sell to be perceived unfavorably by hospitals, other medical institutions, doctors, regulators and patients and the existing and prospective employees, distributors, our other brand partners and our business operations and prospects could be materially and adversely affected as a result.

We depend on the major products of a limited number of our brand partners. If we are unable to maintain the sales volumes, pricing levels and profit margins of our major Distribution Products, our revenue and profitability could be materially and adversely affected.

We purchase ophthalmology medical devices from our brand partners and then on-sell them primarily to distributors under our management and we generate revenue from such sale of products with our brand partners being our suppliers. In 2019, 2020 and 2021 and the six months ended June 30, 2021 and 2022, the revenue from sales of our Distribution Products accounted for 89.1%, 82.4%, 62.6%, 61.0% and 58.6% of our total revenue, respectively. During the Track Record Period, all of our five largest suppliers in each period during the Track Record Period were our brand partners, which accounted for 71.3%, 70.1%, 66.9% and 44.1% of the total purchases for the years ended December 31, 2019, 2020 and 2021 and the six months ended June 30, 2022, respectively. See "Business — Our Suppliers."

Because a substantial portion of our revenue is, and we expect will continue to be, derived from a limited number of major brand partners, we may be particularly susceptible to factors materially and adversely affecting the sales volumes, pricing levels or profitability of any of these products, such as unfavorable government price controls, lack of success in the centralized tender processes necessary for sales to PRC public hospitals and other medical institutions, interruptions in the supply of key raw materials, increases in the costs of key raw materials, issues with product quality or side effects, sales of substitute products by competitors, intellectual property infringements, adverse changes in medical device distribution and retail channels, and unfavorable policy or regulatory changes. Many of the foregoing factors are beyond our control, and the occurrence of any of them may materially and adversely affect the sales volumes and pricing of our major products, which may, in turn reduce our revenue and profitability.

We may face challenges in acquisition integration, which could result in operating difficulties, divert management attention and harm our financial condition.

We acquired Roland in 2020 and Teleon in 2021, respectively. See "History, Reorganization and Development — Corporate Development — Our Major Subsidiaries in Germany and the Netherlands." The integration of the businesses of Roland and Teleon or the business of future acquisition targets into our business landscape requires significant attention from our management, in particular to deal with the management challenges arising from operational and cultural differences, to ensure that the expansion does not disrupt any existing operations and to unify and execute our internal control policy over these acquisition targets. Integration of these acquisition targets, along with future expansion, may require significant time and commitment from our management, as well as substantial operational, financial and other resources to monitor the operation and development of Roland and Teleon. We may also face difficulties as to the migration of the technology and knowhow to our business in China. Disagreement or departure of key employee or management of the acquisition targets may also cause additional difficulties as to the integration. We cannot guarantee that we will be able to successfully integrate the businesses of

Roland and Teleon, whose integration work remains in its early stages, or be able to realize anticipated benefits or synergies, and we may incur costs in excess of what we anticipate. Although the acquisition agreements by which we acquire Roland and Teleon or any future acquisition targets may contain typical indemnification provisions requiring the sellers to indemnify us against potential losses arising from the operation of Roland and Teleon prior to completion of the acquisition, these indemnities are normally subject to limitations in monetary amounts and in time, among other limitations on liabilities of the sellers. Further, we cannot assure you that even if we are entitled to make a claim against the sellers of Roland and Teleon under the respective acquisition agreements, we will be able to recover the full amount of our losses against the sellers. If these indemnification provisions cannot fully protect us, we may face unexpected liabilities which may have a material adverse effect on our business, financial condition and results of operations. Furthermore, any post-acquisition disputes with respect to representations, warranties or other material terms of the merger, acquisition, investment or partnership agreements would divert management attention and incur additional costs and may adversely affect our results of operations and financial condition.

We plan to actively seek strategic opportunities for acquisitions or investments to grow our business, expand our product portfolio, strengthen our R&D and enhance our market position. See "Business — Our Strategies" and "Future Plans and Use of [**REDACTED**] — Use of [**REDACTED**]." We may not be able to identify acquisition targets that meet our strategies or achieve optimal results in future acquisitions, investments, partnerships or new businesses, or may encounter difficulties in integrating and developing the acquired assets or investments successfully. Our business strategy involves acquisitions, investments, or partnerships in our core businesses or establishing new businesses.

Acquisitions involve a number of risks, including:

- the possibility that the acquired companies will not be successfully integrated or that anticipated cost savings, synergies, or other benefits will not be realized;
- the acquired businesses will lose market acceptance or profitability;
- the diversion of our management's attention and other resources;
- the potential for post-transaction disputes;
- the incurrence of unexpected liabilities; and
- the loss of key personnel and clients or customers of acquired companies.

In addition, the success of our long-term growth and repositioning strategy will depend in part on our ability to:

- identify suitable acquisition targets or compete for attractive acquisition targets;
- obtain the necessary financing;
- combine operations;

- integrate departments, systems and procedures; and
- obtain cost savings and other efficiencies from the acquisitions.

Any acquisition or investment may also cause us to assume liabilities, increase our expenses and working capital requirements, or subject us to litigation, which would reduce our return on invested capital. Failure to effectively integrate or manage acquisitions may adversely affect our existing businesses and harm our operational results due to large write-offs, contingent liabilities, substantial depreciation, adverse tax or other consequences. We cannot ensure that all of the planned synergies will be realized. The anticipated benefits of our future expansion may not materialize. Furthermore, integrating the business of acquisition targets involves uncertainties and may result in unforeseen operating difficulties and expenditures associated with integrating employees from acquisition targets into our network and integrating each acquisition target's accounting, information management, human resources, procurement or supply chain management and other administrative systems to permit effective management. Failure to realize expected synergies, growth opportunities and other benefits from such acquisitions could materially and adversely affect our business, financial condition, results of operations and prospects.

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

Our business and growth depend on the continued service of key personnel in our R&D team, including the personnel who joined us after our acquisition of Teleon and Roland, to develop our Proprietary Products. Although we entered into employment arrangement with each of our employees, these do not prevent them from terminating their employment with us at any time. We do not maintain key person insurance for any of our key personnel in our R&D team. The loss of the services of any of these persons could impede our research, development and commercialization effort and seriously harm our ability to successfully implement our business strategy. Furthermore, it may be difficult and time-consuming to replace any key personnel in our R&D team because of the limited number of individuals in our industry with the breadth of skills and experience required to successfully develop, gain regulatory approval of and commercialize products. Competition for R&D personnel is intense, and we may be unable to hire, train, retain or motivate these key personnel on acceptable terms. If we are unable to continue to attract and retain high quality personnel, our ability to pursue our growth strategy will be limited.

If we and our brand partners fail to anticipate and respond to changes in medical professionals' purchase preferences, our results of operation may be materially and adversely impacted.

Our success depends, in part, upon our ability and our brand partners' ability to anticipate and respond to trends with respect to ophthalmology medical devices sold through us. Evolving preferences of medical professionals have affected and will continue to affect the medical device industry. We and our brand partners must stay abreast of such emerging preferences and anticipate product trends that will appeal to existing and potential customers, so as to accurately predict medical professionals' needs and avoid overstocking or understocking products. If we or our brand partners fail to anticipate and respond to changes in customers' preferences, sales of our products could suffer and we or our brand partners could be required to mark down unsold inventory, which could negatively impact our financial results.

We may fail to maintain or renew relationships with distributors, or further expand our network of distributors. If our distributors fail to expand or maintain their sales network, or if we fail to educate or manage our distributor effectively, our sales may decline.

We maintain an extensive sales network whereby we sell a majority of our products to domestic and international distributors. For the six months ended June 30, 2022, we had 556 distributors for our sales in China and Teleon and Roland had 77 distributors for their sales overseas. The performance of our distributors and the ability of our distributors to on-sell the products of our branding partners and our own and expand their businesses and their sales network are crucial to the growth of our business and may directly affect our sales and profitability. Any reduction, delay or cancellation of orders from our distributors, or our failure to renew distribution agreements, maintain good relationships with existing distributors, or timely identify and engage additional or replacement distributors upon the loss of one or more of our distributors, may cause material fluctuations or declines in our revenue or the sustainability of our growth and have a material and adverse effect on our business, financial condition and results of operations. In addition, the decline in our distributors' performance could lead to a decline in the productivity of our network of distributors and could have a negative impact on our results of operations.

We review the performance of our distributors from time to time, and seek to retain and engage more competent distributors to maintain and expand our overall network of distributors. We may experience challenges when developing our distribution network, especially in regions where we have relatively low or no presence, such as unfamiliarity with local business and market practices and local laws and regulations, as well as fierce competition with local or overseas competing brands. We may not be able to offer the most favorable arrangements to our distributors as compared to competitors who may be larger and possess better-funded sales and marketing campaigns. Competitors may require their distributors to sign exclusive distribution agreements that prohibit such distributors from selling the products of our branding partners and our Proprietary Products. In addition, the implementation of the "Two-Invoice System" or similar systems in the medical device industry may require us to adjust our sales model. See "Regulatory Overview — Laws and Regulations Relating to Medical Devices — Two-Invoice System."

If our distributors fail to expand or maintain their sales network, or otherwise encounter any difficulties in selling our products, our sales will decline and our business, results of operations and prospects may be materially and adversely affected.

In addition to ensuring that our reputation is associated with high quality products and responsive services, our highly trained sales team works with our distributors to help them become more effective. We also provide our distributors with technical support, including training in the basic technologies of our products and participating in presentations to physicians and hospitals. Our distributors face a learning process with respect to our products and pipeline products, particularly for those newly introduced to the market. We cannot assure you that our distributors will be able to gain the required knowledge in order to market our products and pipeline products (upon commercialization) effectively in a timely manner or at all.

Actions taken by our distributors in violation of the distribution agreements could materially and adversely affect our business, prospects and reputation.

We have limited control over the operations and actions of our distributors, all of whom, to our Directors' knowledge, are Independent Third Parties during the Track Record Period. We rely on the distribution agreements and the policies and measures we have in place to manage our distributors, including their compliance with laws, rules, regulations and our policies. See "Business — Sales and Distribution — Management of Distributors." We cannot guarantee that we will be able to effectively manage our distributors, or that our distributors would not breach our agreements and policies. If our distributors take one or more of the following actions, our business, results of operations, prospects and reputation may be adversely affected:

- breaching the distribution agreements or our policies and measures, including by selling products outside their designated territories or by selling products that they are not authorized to sell;
- failing to adequately promote our products;
- failing to maintain the requisite licenses, permits or approvals, or failure to comply with applicable regulatory requirements when selling our products; or
- violating anti-corruption, anti-bribery, competition or other laws and regulations of China or other jurisdictions.

Any violation or alleged violation by our distributors of the distribution agreements, our policies or any applicable laws and regulations could result in the erosion of our goodwill, a decrease in the market value of our brand and an unfavorable public perception about the quality of our products, resulting in a material adverse effect on our business, financial condition, results of operations and prospects.

We rely on third-party distributors to place our products into the market and we may not be able to control our distributors and their sub-distributors.

We rely on third-party distributors to sell our products. Purchases by distributors accounted for a material portion of our sales in China. In 2019, 2020 and 2021 and the six months ended June 30, 2021 and 2022, our sales to domestic distributors accounted for 52.4%, 57.4%, 61.2%, 56.5% and 53.2% of our revenue in China, respectively. As we sell and distribute our products through distributors, any one of the following events could cause fluctuations or declines in our revenue and could have an adverse effect on our financial condition and results of operations:

- reduction, delay or cancellation of orders from one or more of our distributors;
- selection or increased sales by our distributors of our competitors' products;
- failure to renew distribution agreements and maintain relationships with our existing distributors;
- failure to establish relationships with new distributors on favorable terms; and

- inability to timely identify and appoint additional or replacement distributors upon the loss of one or more of our distributors.

We may not be able to compete successfully against larger and better-funded sales and marketing campaigns of some of our current or future competitors, especially if these competitors provide their distributors with more favorable arrangements. We cannot assure you that we will not lose any of our distributors to our competitors, which could cause us to lose some or all of our favorable arrangements with such distributors and may result in the termination of our relationships with other distributors. In addition, we may not be able to successfully manage our distributors and the cost of any consolidation or further expansion of our distribution and sales network may exceed the revenue generated from these efforts. There can be no assurance that we will be successful in detecting any non-compliance by our distributors with the provisions of their distribution agreements. Non-compliance by our distributors could, among other things, negatively affect our brand, demand for our products and our relationships with other distributors. Furthermore, if the sales volumes of our products to consumers are not maintained at a satisfactory level or if distributor orders fail to track consumers demand, our distributors may not place orders for new products from us, or decrease the quantity of their usual orders. The occurrence of any of these factors could result in a significant decrease in the sales volume of our products and therefore adversely affect our financial condition and results of operations.

From time to time, some of our domestic distributors may engage sub-distributors, primarily due to the requirements of the end customers. However, we require our distributors to make written application with respect to the engagement of sub-distributors and report the engagement to us, and the sub-distributors need to obtain our authorization for the sales of our products to the end customer. Based on the information collected, the revenue contribution of sales involving sub-distributors accounted for less than 5% of the revenue of each year during the Track Record Period. In general, we do not enter into contracts with such sub-distributors, thus having no control over sales activities of such sub-distributors. We cannot assure you that the sub-distributors will at all times comply with our sales policies or that they will not compete with each other for market share in respect of our products. If any of the sub-distributors fail to distribute our products to their customers in a timely manner, overstock, or carry out actions which are inconsistent with our business strategy, it may affect our future sales. This may in turn materially and adversely affect our business, financial condition, results of operations and prospects.

We may be unable to react in a cost-effective manner to changes in global transportation patterns resulting from disruptions to international shipping patterns.

In many of our supply agreements with our brand partners, we are responsible for the products once they are available at a designated location (i.e. ex works). Accordingly, we take inventory risks when the products we purchase from our brand partners begin their shipping journey. Global shipping routes and land transportation routes are vulnerable to the threat of social or political instability and international hostilities, including war, as well as climate change, natural disasters, work stoppages and longshoreman strikes. In recent times, the cost and time for transportation of our products in certain regions of the world also increased as a result of the impact of the COVID-19 pandemic. See "– Our business may be affected by the occurrence of contagious diseases, such as COVID-19" below for more details. If our efforts to spread the costs, manage inventory levels for key products, work around disruptions in transportation routes or

otherwise reduce the effects of changes in global transportation patterns are inefficient or costly, our business, financial condition or results of operations may be materially and adversely affected.

Our results of operations are subject to seasonal fluctuations.

We have experienced, and expect to continue to experience, seasonality in our business. These seasonal patterns were primarily due to fluctuations of the procurement needs of public hospitals. We typically experienced the highest sales during the second half or the fourth quarter of a year, when public hospitals generally tend to utilize more budgets to procure medical device. The current seasonal trends may become more extreme, and other seasonal trends that affect us or China's medical device market may develop, all of which would contribute to fluctuations in our results of operations. As a result, historical patterns of our results of operations may not be indicative of our future performance, and period-to-period comparisons of our results of operations may not be meaningful. Our results of operations in future quarters or years may fluctuate and deviate from the expectations of securities analysts and investors, and any occurrence that disrupts our business during any particular quarter could have a disproportionately material adverse effect on our liquidity and results of operations.

Our business may be affected by the occurrence of contagious diseases, such as COVID-19.

The outbreak of the coronavirus disease 2019 ("**COVID-19**"), which was declared a "pandemic" by the World Health Organization in March 2020. Its continued spread worldwide and new variants such as Delta and Omicron have introduced uncertainty and volatility in global markets. 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 outbreak has resulted in restrictions on travel, public transport and prolonged closures of workplaces which has had and may continue to have a material adverse effect on the global economy and may cause interruptions to our business. Furthermore, the COVID-19 pandemic and the resultant restrictions and closures may impact demand, supply and efficient functioning of markets.

While we have resumed normal business operations, we have experienced certain disruptions in our operations as a result of the government-imposed suspensions due to the COVID-19. Some of our offices were closed for certain days in the first quarter of 2020 and our employee had to work from home from time to time. Furthermore, the stay-at-home orders and interruptions caused by the COVID-19 pandemic have led to supply chain disruptions which in turn affected the production schedules of our brand partners and the delivery schedules of our products. The cost and time for transportation of our products also increased as a result of the impact of the COVID-19 pandemic. In addition, the outbreak of highly-transmissible Delta and Omicron variants in various regions of China since the middle of 2021 has caused authorities to reimpose restrictions such as lock-down or suspension of operation, which may lead to further influence on our sales. Since May 2022, the outbreak of the Omicron variant has led to the city-wide lock down of Shanghai and lockdown of several regions in Jilin, among other regions in China. The resurgence of COVID-19 have caused temporary disturbance to our operation by limiting our sales and marketing activities and resulted in decline in our revenue for the six months ended June 30, 2022 comparing to our revenue for the same period in 2021.

While we believe that the COVID-19 pandemic has not had a material adverse impact on our results of operations and that we have implemented appropriate measures to mitigate the impact of the ongoing COVID-19 pandemic on our operations, we cannot assure you that, going forward, these factors will not result in further disruptions to our operations, supply chains on which our business may rely and the movement of goods across borders and potentially dampen demand of our products and services. The continued impacts of COVID-19, the new variants of Delta and Omicron, or any future outbreak of a contagious disease may have an adverse impact on our business, financial condition or results of operations. For details, please also refer to "Summary — Impact of COVID-19 Pandemic".

Delivery delays and poor handling by third-party logistics service providers may adversely affect our business, financial condition and results of operations.

We rely on our third-party logistics service providers for the transportation of most of our products. According to the distribution agreements with our brand partners, we are expected to transport and store the Distribution Products under secure conditions and at temperatures and other physical conditions as determined by our brand partners and ship the Distribution Products to our customers. The services provided by these logistics service providers may be suspended and cause interruption to the supply of our products due to unforeseen events. Delivery delays may occur for various reasons beyond our control, including poor handling by our logistics companies, labor disputes or strikes, acts of war or terrorism, health epidemics, earthquakes and other natural disasters, and could lead to delayed or lost deliveries. Any major interruptions to or failures in these third parties' services could prevent the timely or successful delivery of products. If products are not delivered on time or are delivered in a damaged state, customers may refuse to accept products and may claim refund from us or our brand partners, and brand partners and customers may have less confidence in our services. Poor handling of our products could also result in product contamination or damage, which may in turn lead to product recalls, product returns or exchanges, product liability, increased costs and damage to our reputation, thereby adversely affect our business, financial condition and results of operations.

We may be unable to introduce, develop or successfully market new or commercially viable products and technologies or improve our existing product portfolio and technologies in a timely manner, or at all.

Our ability to continuously introduce and launch new products of our brand partners or products we develop and expand our product portfolio is crucial to our success. We cannot guarantee that we will be successful in introducing or developing new products or that we will be able to identify promising product development opportunities. Introduction and development of new products and technologies and improvements of existing products and technologies require substantial technical, financial and human resources. We conduct extensive in-house research and development in developing pipeline products, but we cannot assure you that such efforts will be able to deliver the intended results.

Even if we are able to develop and introduce new products and obtain the necessary registration certificates to commercialize such products, we cannot assure you that the new products will be commercially successful or that such products will yield the anticipated returns to cover our investment. Medical technology is a fast-developing field with breakthroughs being made and new treatments and technologies being developed frequently. We cannot assure you that

we will always be able to respond to emerging market trends by developing and introducing new products in a timely and effective manner, or at all. Moreover, if our competitors consolidate the market faster than we do by developing and introducing more advanced products to the end customers, our business may not continue to grow as we expected. All of the above could dampen the demand for our products or cause our products to become obsolete, and we may not be able to respond and adapt to the introduction of new treatments, examinations, products or technologies or develop products that continue to be in demand, in which case our business, results of operations and prospects will be materially and adversely affected.

In addition, our products may not receive market recognition from physicians or hospitals. Our competitors may launch new and competing products earlier than us or market such products in a more effective manner, or our end customers may prefer their products, which may have a negative impact on the pricing, market share or demand for our products. We may focus our efforts and resources on pipeline products or other potential technologies that ultimately prove to be unsuccessful, and our business, financial condition and results of operations may be materially and adversely affected as a result.

There may be quality defects in our products, which may cause safety issues and expose us to potential product liability claims.

The products we sell are designed for clinical diagnosis, treatments and surgeries, and any quality defect may result in serious clinical incidents and product liability claims. Product liability claims against our products may include allegations of defects in design and manufacturing, improper handling or transportation of products, negligence, strict liability and breach of warranties. We may be subject to product liability claims if our products have latent quality issues that were undetected during our inspections and quality control. Even if our products do not have latent defects, other factors that are out of our control, such as handling of our products during shipping and transportation, the quality and skill of physicians using our products, the choice and usage of products for specific type of medical treatment, may affect the safety and outcome of the medical treatment. Patients may still initiate legal proceedings against us, and the hospitals and physicians may claim, with or without merit, that our products have latent defects. Regardless of the merits or eventual outcome, liability claims may result in:

- decreased demand for our products;
- damage to our reputation;
- withdrawal of clinical trial participants;
- costs to defend the related litigation;
- a diversion of management's time and our resources;
- substantial monetary compensation to trial participants or patients;
- product recalls, withdrawals or marketing or promotion restrictions;
- loss of revenue;

- revocation of regulatory approvals for the relevant products or the relevant production facilities;
- the inability to commercialize our pipeline products; and
- a decline in our Share price.

Furthermore, although our brand partners may purchase product liability insurance for our Distribution Products, we do not maintain product liability insurance for each of our Distribution Products or Proprietary Products. We may not be able to seek compensation under insurance policy for losses that we sustain as a result of product liability claims. We may also be unable to acquire such insurance at a reasonable cost or in an amount adequate to satisfy any liability that may arise. In any such event, our business, financial condition and results of operations would be adversely and materially affected.

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

We generally do not accept product returns, unless our products are found to be defective after their arrival at our customers. In case of defective products, we will arrange the return or replacement of products after completing our internal approval procedures. During the Track Record Period, we made three voluntary product recalls of three pieces of our Distribution Products. For details of our historical product recall incidents, see "Business — Legal Proceedings and Regulatory Compliance — Product Recall." Our product recall incidents and the total product returns and compensation claims were insignificant. However, we cannot assure you that we will not be exposed to risks associated with product returns or exchange in the future.

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

We manufacture our Proprietary Products. The manufacture of our products is highly complex and subject to strict quality controls. In addition, quality is extremely important due to the serious and costly consequences of a product failure. We mainly manufacture (i) implants, which mainly refers to various intraocular lens, and (ii) diagnosis equipment including electrophysiology equipment. We have manufacturing facilities in China, the Netherlands and Germany and we have established a comprehensive quality control and assurance system and adopted standardized operating procedures in order to prevent quality issues with respect to our products and operation processes. See "Business — Manufacturing" and "Business — Quality Control." Despite our quality control and assurance system and procedures, we cannot eliminate the risk of product defects or failure. Problems can arise during the manufacturing process for a number of reasons, including equipment malfunction, failure to follow protocols and procedures, defects or other issues in raw material, or human error. If problems arise during the production of a batch of product, that batch of product may have to be discarded and we may experience product shortages and incur added expenses. This could, among other things, lead to increased costs, lost revenue, damage to customer relationships, time and expense spent investigating the cause and, depending

on the cause, similar losses with respect to other batches or products. If problems are not discovered before the product is released to the market, recall and product liability costs may also be incurred.

Furthermore, if contaminants are discovered in our supply of products or pipeline products, or in the manufacturing facilities, such manufacturing facilities may need to be closed for an extended period of time to investigate and remedy the contamination. Stability failures and other issues relating to the manufacture of our products or pipeline products could occur in the future. In addition, disruptions can occur during the implementation of new equipment and systems to replace aging equipment, as well as during production line transfers and expansions.

Our pricing strategy and downward change in pricing of our products may have a material adverse effect on our business and results of operations.

We generally price our Distribution Products and Proprietary Products by taking into consideration a variety of factors, including pricing guidelines set by the government authorities, bargaining power and preferences of hospitals, prices of similar products offered by our competitors, our operating costs and the continuous upgrades of existing products, among others, and some of which are beyond our control:

- If the PRC government issues pricing guidelines for our Distribution Products and Proprietary Products, it may negatively affect the price at which we can sell our products and therefore have a material adverse effect on our business and results of operations. See "— Our products might not be eligible for coverage under reimbursement schemes or other national or regional pricing guidelines and may be subject to price controls."

- When setting the prices for our products, hospitals may gain more bargaining power depending on the availability of alternative products, demands of patients and the preferences of physicians. If hospitals seek to lower retail prices of our products and therefore reduce the profitability of our distributors, our distributors may have less incentive to purchase and promote our products, and we may need to lower the order price we set for our distributors.

- Along with our increasing efforts to promote our products, as well as our competitors' continuous development of their products in the same field, awareness of our products is expected to increase. More competing products may become available, which will offer alternatives for hospitals and patients to choose.

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

We may experience reduced pricing power and gross profit margin erosion from our existing products generally as their sales in a given mature market, while manufacturing and material costs may remain constant or increase. Our profitability depends on our ability to successfully launch new products, enter new markets, control costs during the manufacturing process by increasing the efficiency of our manufacturing processes and increasing production yields. If we are unable to successfully design, develop, manufacture and market new products, which typically generate higher gross margins, or if we fail to effectively increase the efficiency of our manufacturing processes or control manufacturing costs, our business, financial condition and results of operations could be harmed.

Our products might not be eligible for coverage under reimbursement schemes or other national or regional pricing guidelines and may be subject to price controls.

Demand for, prices of, and our ability to sell our products may depend on the extent to which our Distribution Products and Proprietary Products as well as the related treatments are covered by reimbursement schemes and national or regional pricing guidelines, which control the prices charged by hospitals for medical devices. We may strategically develop and position our product portfolio taking into consideration these schemes and standards. However, if the reimbursement eligibility of our products and coverage under the pricing guidelines is not favorable, we may not be able to successfully commercialize our products. Moreover, as China's healthcare system undergoes reform, we cannot assure you that the PRC government will not amend the pricing guidelines or change, reduce or eliminate the government insurance coverage and reimbursement level currently available for treatments using our products, which may lower demand for our products.

In addition, there have been and may continue to be proposals from legislators, regulators and third-party payors to lower medical costs. Legislators, regulators, and third-party payors have attempted and may continue to attempt to control costs by limiting the scope of reimbursement schemes or the amount of reimbursement for ophthalmology medical devices. Moreover, third-party payors are increasingly requiring that companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. Such continuing efforts to contain or reduce medical costs could restrict our end-users' ability to obtain adequate coverage and reimbursement and therefore harm our business and results of operations by adversely affecting the demand for our products or the price at which we can sell our products.

We rely on relationships with KOLs, physicians, hospitals and medical associations in the development and marketing of our products.

Our relationships with KOLs, physicians, hospitals and medical associations play an important role in our R&D, sales and marketing activities. We implement a clinical demand-oriented and highly responsive R&D strategy by establishing extensive interaction channels with KOLs, physicians, hospitals and medical associations to gain first-hand knowledge of unmet clinical needs, physicians' preferences and clinical practice trends, which is critical to our ability to develop and introduce new market-responsive products and improve our existing products. In addition, we engage with KOLs, physicians, hospitals and medical associations as a part of our academic promotion and marketing strategy, which enables us to establish a quality end-user base, especially with Class IIIA hospitals with ophthalmology department. See "Business — Our Strengths."

We cannot assure you that we will be able to maintain or strengthen our relationships with these industry participants, or that our efforts to maintain or strengthen such relationships will yield the successful development and introduction of new products or increase in sales. These industry participants may depart from their roles, change their business or practice focus, decide to no longer cooperate with us or cooperate with our competitors instead. Even if they continue to cooperate with us, their market insights and perceptions, which we take into account in our research and development and product introduction process, may be inaccurate and lead us to develop products without significant market potential. Even if their insights and perceptions are correct, we may fail to develop commercially viable products. Moreover, we cannot assure you that our academic promotion and marketing strategy will continue to serve as an effective marketing strategy. Industry participants, particularly in the specialties of ophthalmology, may no longer want to collaborate with us or attend our conferences, and our marketing strategy may no longer be able to yield larger hospital coverage or increased sales commensurate to our efforts spent. In addition, the KOLs, physicians and hospitals that we focus on may not continue to have a significant demand for ophthalmology medical devices covered by our product lines. If we are unable to develop new products or generate returns from our relationships with industry participants as anticipated, or at all, our business, financial condition and results of operations may be materially and adversely affected.

We are exposed to the credit risk of our customers. Substantial reductions in purchases by or delays in collecting receivables from our customers could have a material adverse effect on our business, financial condition and results of operations.

Our customers included hospitals and clinics. We cannot assure you that these customers will continue to maintain relationships with us or that they will continue to purchase products of our brand partners at similar volumes or prices, or at all. In addition, we are exposed to the credit risk of our customers and we cannot assure you that our customers might not experience any deterioration in their financial position, such as bankruptcy, insolvency or general liquidity problems, which may materially and adversely affect their ability to conduct business with us. Moreover, any slowdown in the growth of the PRC economy, and any corresponding effects on the levels of consumer and commercial spending, may cause customers to reduce, modify, delay or cancel plans to purchase products of our brand partners.

As of June 30, 2022, our impairment loss recognized on trade receivables amounted to RMB8.8 million, or 5.1% of our total trade receivables as of the same date. We cannot assure you that our past provisioning practice will not change in the future or that our provision levels will be sufficient to cover defaults in our trade and bills receivables. See "Financial Information — Critical Accounting Policies and Estimates — Provision for Expected Credit Losses (ECL) on Trade Receivables and Contract Assets" for the details of our provisioning practice. Our liquidity and cash flows from operations may be materially and adversely affected if our receivable cycles or collection periods lengthen further or if we encounter a material increase in defaults of payment or an increase in provisions for impairment of our receivables from customers, particularly those in respect of our business. Should these events occur, we may be required to obtain working capital from other sources, such as third-party financing, in order to maintain our daily operations, and such financing may not be available on commercially acceptable terms, or at all.

We may be subject, directly or indirectly, to applicable anti-kickback, false claims laws or similar healthcare laws and regulations in China and other jurisdictions, which could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm and diminished profits and future earnings.

We may be subject, directly or indirectly, to applicable anti-kickback, false claims laws or similar healthcare laws and regulations in China and other jurisdictions, which could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm and diminished profits and future earnings.

Healthcare providers, physicians and others play a primary role in the recommendation of any products for which we obtain regulatory approval. Our operations are subject to various applicable anti-kickback, false claims laws or similar healthcare laws and regulations in China and other jurisdictions we operate, including, without limitation, the Criminal Law of the PRC (《中華人民共和國刑法》), the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》), the Regulations on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》) and the Administrative Measures for the Registration and Filing of Medical Devices (《醫療器械註冊與備案管理辦法》). These laws and regulations may impact, among other things, our proposed sales, marketing and education programs.

Law enforcement authorities are increasingly focused on enforcing these laws, and efforts to ensure that our business arrangements with third parties comply with applicable laws and regulations will involve substantial costs. Governmental authorities could conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative penalties, damages, disgorgement, monetary fines, possible exclusion from participation in governmental healthcare programs, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of our operations, any of which could adversely affect our ability to operate our business and our results of operations. In addition, we are subject to equivalents of each of the healthcare laws described above in other jurisdictions, among others, some of which may be broader in scope and may apply to healthcare services reimbursed by any source, not just governmental payors, including private insurers. There are ambiguities as to what is required to comply with these requirements, and if we fail to comply with any applicable law requirement, we could be subject to penalties.

We may be exposed to fraud, bribery or other misconduct committed by our employees or third parties that could subject us to financial losses and sanctions imposed by governmental authorities, which may adversely affect our reputation. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any instances of fraud, bribery, and other misconduct involving employees and other third parties that had any material and adverse impact on our business and results of operations. However, we cannot assure you that there will not be any such instances in the future. Despite our internal control policies and procedures in place, we may be unable to prevent, detect or deter all such instances of misconduct. Any such misconduct committed against our interests, which may include past acts that have gone undetected or future acts, may have a material adverse effect on our business and results of operations.

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

We cannot assure you that our directors, senior management, employees, distributors or sub-distributors, customers, suppliers or other parties we cooperate with will not engage in bribery or corrupt practices or other illegal or unethical conduct.

We may be exposed to fraud, bribery or other misconduct committed by our directors, senior management, employees, distributors, sub-distributors, customers, suppliers or other parties we cooperate with in China or other jurisdictions. Any actual or alleged wrongdoing or misconduct, over which we may not have full control, could subject us to financial losses, sanctions imposed by governmental authorities and negative publicity, which may adversely affect our reputation and prospects. Before the Track Record Period, one of our former directors was a witness in a bribery case against an Independent Third Party, who had solicited illegal payments from such director in 2005. See "Business — Legal Proceedings and Regulatory Compliance — The Incident." The Incident has revealed certain historical 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." The healthcare sector in the China, including the ophthalmic industry, is featured with elevated risks of violations of anti-bribery laws. Although the government has implemented various measures against bribery in the healthcare sector and we have taken steps to strengthen our internal control, we cannot assure you that similar events will not occur in the future if our internal controls fail to detect or deter against such events or due to other factors, in which case members of our Group may be subject to further investigation by the relevant government authorities. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any instances of fraud, bribery, or other misconduct involving employees or other third parties that had any material and adverse impact on our business and results of operations. Nevertheless, we cannot assure you that if similar incidents occur or other incidents involving bribery or corruption occurs involving our Group, Directors or senior management in the future, we will be able to take effective remedial measures, which could impair our ability to operate our Group, harm our reputation and materially and adversely affect our business, financial condition and results of operation.

Our historical operating results may not be representative of future performance.

For the years ended December 31, 2019, 2020 and 2021 and the six months ended June 30, 2021 and 2022, our revenue was RMB1,106.7 million, RMB962.1 million, RMB1,298.2 million, RMB578.6 million and RMB577.9 million, respectively. For the same periods, our gross profit was RMB463.3 million, RMB436.2 million, RMB609.5 million, RMB269.8 million and RMB281.2 million, respectively. We cannot assure you that our historical operating results, such as our revenue and gross profit, will be indicative of future performance for various reasons, including uncertainties of the success of our existing and new products, and in the market and the regulatory environment, as well as our ability to develop and introduce new product, expand production capacity and improve manufacturing capabilities as planned, and manage our sales network and intensified competition in the ophthalmology medical device market in China. Investors should not rely on our historical results as an indication of our future financial or operating performance.

We recorded net current liabilities as of December 31, 2020.

We had net current liabilities of RMB531.5 million as of December 31, 2020. See "Financial Information — Description of Certain Items from the Consolidated Statements of Financial Position." We cannot assure you that we will not have net current liabilities position in the future. A net current liabilities position would expose us to liquidity risks, since we may be unable to refinance certain loans when they become due. There can be no assurance that we will always be able to obtain the necessary funding to refinance our borrowings upon maturity to finance our capital commitments. If we were unable to refinance such borrowings when due, and we were not otherwise able to repay such amounts at maturity, we may be in default of such loans, which may trigger cross-defaults. In such circumstances, our business, liquidity, financial condition, results of operations and prospects could be materially and adversely affected.

We have historically received government grants and we may not receive such grants in the future.

We have historically received government grants, primarily representing subsidies received from the local governments primarily for the purposes of compensation for expenses arising from research and development activities, reward for financial contribution and capital expenditure incurred on certain projects. We recognized government grants of RMB7.3 million, RMB10.4 million, RMB13.9 million, RMB8.4 million and RMB11.3 million in profit or loss for each of the three years ended December 31, 2021 and the six months ended June 30, 2021 and 2022, respectively. See "Financial Information — Description of Certain Consolidated Statements of Profit or Loss and Other Comprehensive Income Items — Other Income and Gains." Our eligibility for government grants is dependent on a variety of factors, including the assessment of our R&D process, our improvement on existing technologies, relevant government policies, the availability of funding at different granting authorities. In addition, the policies according to which we historically received government grants may be halted by the relevant government authorities at their sole discretion. There is no assurance that we will continue to receive such government grants or receive similar level of government grants, or at all, in the future.

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

Gaush Raymond, one of our subsidiaries, is qualified for a lower EIT rate of 15%, instead of the standard EIT rate of 25%, as a High and New Technology Enterprise (高新技術企業). Continued eligibility to these preferential tax treatments is subject to review and evaluation by the relevant government authorities in the PRC, for example, the qualification as a High and New Technology Enterprise is subject to review by the relevant Chinese authorities every three years. Gaush Raymond extended its High and New Technology Enterprise certificate in 2020 for a period of three years to 2023. We cannot assure you that we will continue to receive such preferential tax treatment at historical levels, or at all. In the event that any of the preferential tax treatment currently enjoyed by us is reduced, discontinued or withdrawn by the government authorities, and the affected subsidiaries fail to obtain any alternative preferential tax treatment, our results of operations and growth prospects may be materially and adversely affected.

We may need to seek additional financing for our future operation and expansion, which may not be available at favorable terms, or at all.

Our operations require significant capital investment. Historically, we have financed our business activities primarily through cash generated from our operations as well as external bank loans. As of December 31, 2019, 2020 and 2021, June 30, 2022 and September 30, 2022, our indebtedness was RMB705.0 million, RMB1,744.9 million, RMB2,621.7 million, RMB2,681.1 million and RMB2,828.0 million, respectively. If our current sources are insufficient to satisfy our cash requirements, we may seek additional debt or equity financing or obtain additional credit facility. The issuance of additional equity securities or convertible debt securities could result in dilution to our Shareholders. The incurrence of indebtedness could result in increased debt service obligations, increased finance costs and operating and financing covenants that would restrict our operations and liquidity and negatively impact our financial performance. If interest rate on such indebtedness or debt securities raises, our finance costs may increase significantly.

Our ability to obtain additional capital on acceptable terms is subject to, among other things, investors' perception of and demand for our securities, our financial performance and gearing ratio, and the economic, market, political and regulatory conditions in the PRC. Any failure by us to raise additional funds that are necessary for our operations on terms favorable to us could have a material adverse effect on our liquidity and financial condition.

Our loan agreements may have included arrangements that impose material and adverse effect on our financial condition, results of operations, cash flows and business prospects.

We enter into loan agreements to finance our business activities including acquisitions. See "Financial Information — Indebtedness — Bank Borrowings" and "Financial Information — Indebtedness — Loan at Fair Value through Profit or Loss and Warrants" for the details of our bank borrowings. As of March 31, 2022, the equity interest of our certain operating subsidiaries has been pledged. In the event of default, the lenders may foreclose the equity interest of such subsidiaries, and we may not be able to consolidate the results of such subsidiaries into our financial statements, which could have a material adverse effect on our results of operation. Our loan agreements may contain financial and other covenants that require us to maintain certain financial ratios or impose certain restrictions on the disposition of our assets or the conduct of our business. In addition, the utilization of the remaining balance of these secured banking facilities is subject to certain conditions, including time limits and certain financial performance requirements. Furthermore, such loan agreements also include, and our future loan agreements may include, certain restrictive covenants whereby we may be required to obtain approval from our lenders to, among other things, incur additional debt, pledge assets, undertake guarantee obligations and dispose of or sell assets. If we are not granted such approvals, we may not be able to obtain additional financing or conduct certain other business activities that may be viewed as favorable to us, and we cannot assure you that our financial resources will be adequate to support our operations, and our financial condition, results of operations, cash flows and business prospects may be materially and adversely affected. During the Track Record Period and up to the Latest Practicable Date, we have complied with the major covenants in our loan agreements.

Enforcement of certain share charges by our Controlling Shareholder in case of default under the relevant facilities could materially and adversely affect the prevailing market price of our Shares, and could have a negative impact on our business, operation and financial results.

Gao Tieta, through GT HoldCo, was beneficially interested in approximately 45.01% of the issued share capital of our Company as of the Latest Practicable Date and will be beneficially interested in approximately [**REDACTED**]% of the issued share capital of our Company immediately upon the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised) and is therefore, a Controlling Shareholder of our Group. To secure the Replacement Facility entered into between GT HoldCo and Credit Suisse AG, Singapore Branch (an authorised institution as defined in the Banking Ordinance (Cap 155)) in June 2022, GT HoldCo mortgaged 36,892,670 Shares in favor of Credit Suisse pursuant to the Share Charge, representing approximately 26.25% and [**REDACTED**]% of the issued share capital of our Company as of the Latest Practicable Date and immediately upon completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), respectively. For details, see "History, Reorganization and Development — Summary of Shareholding Changes since Completion of the Reorganization."

Pursuant to the terms of the Replacement Facility, GT HoldCo shall repay the principal amount of US$24 million in full on June 22, 2023 and shall pay interest at a rate of SOFR plus 3.75% per annum for every three months. The aggregate amount of interests payable under the Replacement Facility have been deposited into an account charged to Credit Suisse and timely payments of the interests of the Replacement Facility have been and will be deducted from such account in accordance with the terms of the Replacement Facility. Notwithstanding the above, upon the occurrence of an [**REDACTED**] of the Company, all outstanding Loan, together with accrued interest, and all other costs or amounts accrued under the Replacement Facility will become immediately due and payable within certain business days (the "**Mandatory Prepayment Upon** [**REDACTED**]").

In light of the Mandatory Prepayment Upon [**REDACTED**] of the Replacement Facility (such due date being the "[**REDACTED**] **Prepayment Due Date**"), Credit Suisse and GT HoldCo will, on or before the [**REDACTED**] Prepayment Due Date, enter into a senior secured term loan facility (the "**Refinancing Facility**") of up to an amount not less than US$24 million or its equivalent. The proceeds of the Refinancing Facility will be mainly used to, directly or indirectly, fully repay the Replacement Facility before or upon the [**REDACTED**] Prepayment Due Date. The Refinancing Facility will be secured by the Shares held by GT Holdco. [**REDACTED**] Shares (calculated based on HK$[**REDACTED**] per Share) and representing approximately [**REDACTED**]% and [**REDACTED**]% of the total issued Shares as of the Latest Practicable Date and immediately upon completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), respectively, will initially be charged to Credit Suisse to secure the Refinancing Facility. Additional number of Shares or cash may be deposited with Credit Suisse to satisfy the loan-to-value ratio stipulated under the terms of the Refinancing Facility. The term of the Refinancing Facility will be 364 days and its total principal amount shall be repaid in full upon the expiry of its term. The Refinancing Facility will include other terms and conditions substantially consistent with those of the Replacement Facility. After communicating with Credit Suisse, as of the Latest Practicable Date, the Company was not aware of anything material that would render the plan to enter into the Refinancing Facility before the [**REDACTED**] Prepayment Due Date not feasible.

The Share Charge in connection with the Replacement Facility was, and the share charge in connection with the Refinancing Facility will be, taken as security in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan in accordance with the Listing Rules, including, without limitation Rule 10.07 in respect of restrictions of disposal of shares by controlling shareholders. [**REDACTED**] Gao Tieta has also undertaken to the Company that he will, and will procure GT HoldCo to (i) make timely payments in accordance with the Replacement Facility and the Refinancing Facility as and when it becomes due; and (ii) fulfill his and GT HoldCo's relevant obligations and comply with relevant terms of the Replacement Facility and the Refinancing Facility to avoid the enforcement of the share charges in connection with the relevant facility. [**REDACTED**]

In the unlikely event of default by GT HoldCo under the Replacement Facility or the Refinancing Facility and if there is no alternative source of funding available to GT HoldCo (including seeking facilities from other authorised financial institutions and disposing of properties under Gao Tieta's name or other assets of Gao Tieta and GT HoldCo) to repay relevant amounts, Credit Suisse may enforce the respective share charges in connection with the relevant facility and our Controlling Shareholders' shareholding in the Company may be affected accordingly, which could have a negative impact on our business, operation and financial results. The above may also result in sales or a perception of the likelihood of sales of our Shares in the market which could have a material and adverse effect on the market price of our Shares.

We may not be successful in implementing our business strategy.

Our business objectives and strategies as set out in this Document are based on our existing plans and intentions. However, our objectives and strategies are based on prevailing circumstances and the development trends of our industry currently known to our Directors, the bases and assumptions that certain circumstances will or will not occur, as well as the risks and uncertainties inherent in various stages of development. There are significant challenges and uncertainties involved in our strategic plans, including whether (i) we will be able to complete these plans, such as expansion of our production capacity, product portfolio and sales and marketing capabilities, on schedule and within the anticipated budget, or at all; (ii) we will be able to generate anticipated revenues and profits from these plans to cover our indebtedness, costs or contingent liabilities associated with such plans; and (iii) these plans will be in line with the market demand and national and local policies in the future. Our future prospects should be considered in light of the risks, expenses and difficulties which may be encountered by us in our various stages of development of business. We cannot assure you that we will be successful in implementing our strategies or that our strategies, even if implemented, will lead to successful achievement of our objectives. If we are not able to implement our strategies effectively, our business, financial condition and results of operations may be adversely affected.

If we fail to establish or increase our production capacity as planned, our business prospects could be materially and adversely affected.

We plan to expand our manufacturing capacity in our production facilities in China and the Netherlands. Changes in the manufacturing process or procedure, including a change in the location where the product is manufactured, require prior review by regulatory authorities and/or approval of the manufacturing process and procedures in accordance with applicable requirements.

Other than the risks relating to application of requisite licenses and permits, we could also face other risks in implementing our expansion plan, including construction delays, failure to adopt new manufacturing techniques, implement effective quality control, or recruit a sufficient number of qualified staff to support the increase in production capacity. New manufacturing staff are generally required to undergo approximately two months of training before they can commence work on our production lines. There can be no assurance that we will be able to increase our overall production capacity, develop advanced manufacturing techniques, process controls in the manner we contemplate or recruit a sufficient number of qualified manufacturing staff, or at all. In the event we fail to increase our production capacity, we may not be able to capture the expected growth in demand for our products, or to successfully commercialize new products, each of which could materially and adversely affect our business prospects. Moreover, our plans to increase our production capacity require significant capital investment, and the actual costs of our expansion plan may exceed our original estimates, which could materially and adversely affect the realization of expected return on our expenditures.

There can be no assurance that our existing and future production facilities will manufacture products in sufficient volumes in the event of any significant change in market demand. In such event, we may not be able to find external subcontractors to help manufacture our products, and even if we could engage third parties to manufacture a portion of such products, we would be exposed to the risks of increased pricing for our sub-contracted production and that the third parties may not manufacture products meeting our specifications or in sufficient volumes to meet market demand. As a result, our sales volumes and margins for the relevant products could be materially and adversely affected, and we could be subject to liabilities if such third parties deliver products and pipeline products with latent defects.

Natural disasters, epidemics, acts of war or terrorism or other factors beyond our control in the future may have a material adverse effect on our business, financial condition and results of operations.

Natural disasters, epidemics and other acts of God which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in China, the Netherlands and Germany, where our operation is primarily carried out. Our business could also be under the threat of climate change, flood, earthquake, sandstorm, snowstorm, fire, drought, or epidemics such as the Severe Acute Respiratory Syndrome, or SARS, the H5N1 avian flu, the human swine flu, also known as Influenza A (H1N1), or, most recently, the worldwide COVID-19 since January 2020. See "Risk Factors — Our business may be affected by the occurrence of contagious diseases, such as COVID-19."

We are subject to the risks of doing business globally.

As a result of the acquisition of Roland and Teleon, we successfully expanded our global presence. Since then, revenue contribution from overseas sales accounted for 0.6% and 20.4%, respectively, of our total revenue for 2020 and 2021 and further increased to 21.7% of our total revenue for the six months ended June 30, 2022. Accordingly, our business and financial results in the future could be adversely affected due to a variety of factors, including but not limited to:

- changes in a specific country's or region's political and cultural climate or economic condition;
- unexpected changes in or difficulties or failure to comply with laws and regulatory requirements in local jurisdictions;
- difficulty of effective enforcement of contractual provisions in local jurisdictions;
- potential disputes with foreign parties we work with;
- exposure to litigation or third-party claims outside of China;
- concerns of local governments and regulators on our research and products and on the relevant management arrangements;
- inadequate intellectual property protection in certain countries;
- economic sanctions, trade restrictions, tariffs, discrimination, protectionism or unfavorable policies;
- enforcement of anti-corruption and anti-bribery laws, such as the FCPA;
- the effects of applicable local tax regimes, royalties and other payment obligations owed to local governments, and potentially adverse tax consequences; and
- significant adverse changes in local currency exchange rates.

We purchase goods from our brand partners from different countries and jurisdictions.

Substantially all of our import of our Distribution Products are subject to customs requirements and to tariffs and quotas set by governments through mutual agreements, bilateral actions or, in some cases, unilateral action. Adverse changes in these trading restrictions, or our brand partners' failure to comply with customs regulations or similar laws, could harm our business.

Our operations are also subject to the effects of international trade agreements and regulations and the activities and regulations of the World Trade Organization. Trade agreements generally have positive effects on trade liberalization, sourcing flexibility and cost of goods by reducing or eliminating the duties and/or quotas assessed on products manufactured in a particular country. However, trade agreements can also impose requirements that adversely affect our

business, such as setting quotas on products that may be imported, or making it easier for other companies to compete, by eliminating restrictions on products from countries where our competitors source products. Our ability to purchase products from different countries and jurisdictions in a timely and cost-effective manner may also be affected by conditions at ports or issues that otherwise affect transportation and warehousing providers, such as port and shipping capacity, labor disputes or severe weather. These issues could delay cross-border trading of products or require us to locate alternative ports or warehousing providers to avoid disruption to customers. These alternatives may not be available on short notice or could result in higher transit costs, which could have an adverse impact on our business and financial condition.

We are exposed to market risk from changes in foreign currency exchange rates which could materially and negatively impact our profitability.

We purchase our products from brand partners in many countries throughout the world. As a result, there is exposure to foreign currency risk as we enter into transactions denominated in multiple currencies. For example, changes in currency exchange rates may affect our costs of goods sold and our competitiveness against our domestic competitors or competitors who are multi-national companies whose multi-national operations provide a natural hedge to currency fluctuation risks. We predominantly purchase our products in US dollar, Euro. We sell our goods to distributors and hospitals and clinics in China in Renminbi. For the year ended December 31, 2019, 2020 and 2021 and the six months ended June 30, 2021 and 2022, our exchange differences on translation of foreign operations recorded loss of RMB0.4 million, gains of RMB7.6 million, loss of RMB58.6 million, loss of RMB23.9 million and loss of RMB12.0 million, respectively. See "Financial Information — Quantitative and Qualitative Disclosure about Market Risk — Foreign Currency Risk." If the Renminbi weakens relative to the US dollar or Euro, our earnings could be negatively impacted. The translational and transactional impacts will vary over time and may be more material in the future. Although we utilize risk management tools, including hedging, as it deems appropriate, to mitigate a portion of potential market fluctuations in foreign currencies, there can be no assurance that such measures will reduce or eliminate our exposure to fluctuations in foreign exchange rates.

The exchange rate of the Renminbi against the US dollar and other foreign currencies fluctuates and is affected by, among other things, the policies of the PRC government and changes in China's and international political and economic conditions, as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rate between the Renminbi and the Hong Kong dollar, the US dollar or other currencies in the future. In addition, the PBOC regularly intervenes in the foreign exchange market to limit fluctuations in Renminbi exchange rates and achieve policy goals.

There remains significant international pressure on the PRC government to adopt a more flexible currency policy, which, together with domestic policy considerations, could result in a significant appreciation of Renminbi against the US dollar, the Hong Kong dollar or other foreign currencies.

Our [**REDACTED**] from the [**REDACTED**] will be denominated in Hong Kong dollars and our financial statements are prepared denominated in Renminbi. As a result, any appreciation of the Renminbi against the US dollar, the Hong Kong dollar or any other foreign currencies may result in a decrease in the value of our foreign currency-denominated assets and our [**REDACTED**] from the [**REDACTED**]. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on our Shares in foreign currencies. There are limited instruments available for us to reduce our foreign currency risk exposure at reasonable cost in China, and we have not utilized, and may not in the future utilize, any such instrument.

All of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms.

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

During the Track Record Period, we purchased medical devices from our brand partners and as part of our business strategy, we plan to explore distributorships and partnerships with entities in foreign countries and regions as well as register our products in other jurisdictions. We also sell our products to certain foreign countries and plan to continue to do so in the future. Our business may therefore be subject to constantly changing international economic, regulatory, social and political conditions, and local conditions in those foreign countries and regions. As a result, China's relationships with those foreign countries and regions may affect the prospects of maintaining existing or establishing new distributorships and partnerships, expanding our team, making investments, registering our products, conducting clinical trials, commercializing and importing/exporting in these countries and regions.

It is notably that the United States government has in recent years made significant changes in its trade policy and has taken certain actions that may materially impact international trade, such as announcing import tariffs which have led to other countries, including China and members of the European Union, imposing tariffs against the United States in response. The United States has also threatened to impose further export controls, sanctions, trade embargoes, and other heightened regulatory requirements on China and Chinese companies. These have raised concerns that there may be increasing regulatory challenges or enhanced restrictions against China and other Chinese companies in a wide range of areas. Any unfavorable government policies on international trade, such as capital controls or tariffs, may affect the demand for our future products, the competitive position of our future products, the hiring of scientists and other research and development personnel, and import or export of raw materials in relation to product development, or prevent us from selling our future products in certain countries. Moreover, there can be no assurance that our potential business partners will not alter their perception of us or their preferences as a result of adverse changes to the relationships between China and foreign countries or regions where they are located. Any tensions and political concerns between China and such foreign countries or regions may adversely affect our business, financial condition, results of operations, cash flows and prospects.

Failure to pass regulatory inspections and any other disruption or suspension of manufacturing activities may affect our business and results of operations.

Our manufacturing facilities are subject to regular inspections by the relevant government authorities as part of the process of maintaining or renewing the permits, licenses and certificates required for our business and operations. Such inspections require us to comply with, among other things, GMP regulations. We cannot guarantee that we will be able to adequately follow and document our adherence to such GMP regulations or other regulatory requirements. When inspecting our manufacturing facilities, the NMPA or other comparable regulatory authorities may cite GMP deficiencies. Remediating deficiencies can be laborious, time consuming and costly. Moreover, the NMPA or other comparable regulatory authorities will generally re-inspect the facility to determine whether the deficiency was remediated to its satisfaction, and may note further deficiencies during re-inspection. We may be required to delay, suspend or cease manufacturing activities if we fail to pass these regulatory inspections, which will affect our ability to fulfill product orders and sell our products, and in turn, have a material and adverse effect on our business, financial condition and results of operations.

We may also encounter problems with maintaining consistent and acceptable production costs, experience shortages of qualified personnel and raw materials, unexpected damage to our facilities and equipment malfunction. Furthermore, if contaminants are discovered in our raw materials, products or in the manufacturing facilities, our manufacturing facilities may need to be closed for an extended period of time to investigate and remedy the contamination. In these cases, we may be required to delay, suspend or cease manufacturing activities. We may be unable to secure temporary, alternative manufacturers for our products with the terms, quality and costs acceptable to us, or at all. Moreover, we may spend significant time and costs to remedy these deficiencies before we can continue production at our manufacturing facilities.

Our future success depends on our ability to retain members of our management team and other key personnel and to attract, retain and motivate qualified personnel.

Our future success depends on the continued service of the key members of our senior management. In particular, Gao Tieta, our executive Director, Chairman of the Board and chief executive officer, has over 20 years of experience in the medical device industry. Zhang Jianjun, our executive Director and vice general manager, has over 20 years of experience in the medical device industry. The expertise, industry experience and contributions of our executive Directors and other members of our senior management are crucial to our success. If we lose any of our key management members and are unable to recruit and retain replacement personnel with equivalent qualifications or talents in a timely manner, the growth of our business could be adversely affected.

Our success also depends on our ability to attract and retain qualified and skilled management, technical, research and development, sales and marketing, production and other personnel. We cannot assure you that we will be able to attract, hire and retain sufficient personnel for our business. We also cannot guarantee that any shortages in qualified and skilled personnel will not increase our staff costs as the competition for these individuals could cause us to offer higher compensation and other benefits in order to attract and retain them and consequently materially and adversely affect our financial condition and results of operations.

Failure to maintain and predict inventory levels in line with demand for our products could cause us to lose sales or face excess inventory risks and holding costs.

We maintain an inventory level based on anticipated product demand and production schedule. For the years ended December 31, 2019, 2020 and 2021 and the six months ended June 30, 2022, our inventory turnover days were 111 days, 152 days, 129 days and 158 days, respectively. We cannot guarantee that we will be able to maintain proper inventory levels for our products and raw materials. Inventory levels in excess of product demand may result in inventory write-downs, expiration of products and increase in inventory holding costs. Conversely, we may experience inventory shortages if we underestimate demand for our products, which may result in unfilled orders and have a negative impact on our relationship with distributors, hospitals and doctors. To manage our inventory level, we implemented certain measures. See "Business — Raw Material and Suppliers — Inventory Control Measures." However, we cannot assure you that these measures will be effective and our inventory level will decrease in the future. If our inventory level increases further in the future, our financial condition and cash flow could be materially and adversely affected.

Our business may be affected by the availability of warehouse facilities and the related rental expenses.

As of the Latest Practicable Date, we rented 12 warehouses with total gross floor area of approximately 4,490.56 sq.m. in Beijing, Tianjin, Shanghai, Guangzhou, Shenzhen, Wuxi and Wenzhou for the storage of our Proprietary Products and Distribution Products and we did not own any warehouse. We also engaged a logistics service provider to provide storage and shipment services to us, as we deem suitable to our operation needs. The tenancy agreements for the warehouses we currently occupy are for a fixed duration. It is uncertain whether these tenancy and service agreements can be renewed at all upon expiry or on terms acceptable to us. Even if we are able to renew or extend the tenancy agreements, the rental expenses may increase significantly and any increase in rental and service expenses will increase our costs of operation and may therefore adversely affect our business and financial performance if we are unable to pass on the increased costs to our customers. In addition, the landlords of the warehouses or the logistics service provider may exercise their right of early termination to terminate the agreements in accordance with the terms of respective agreements. In such cases, we may be unable to find suitable locations to relocate our warehouses in a timely manner and on commercially acceptable terms, or at all, which could have an adverse impact on our business due to our decreased warehousing and storage space.

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

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

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

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

We are subject to numerous environmental, health and safety laws and regulations, including the handling, use, storage, treatment and disposal of waste. Our manufacturing process may produce hazardous waste. We may not be able to eliminate the risks of contamination or personal injury from these wastes. We maintain workers' statutory compensation insurance to cover costs and expenses we may incur due to injuries to our employees resulting from the use of hazardous materials. This insurance may not provide adequate coverage against potential liabilities. We outsource the disposal of relevant hazardous waste to qualified Independent third parties. In the event of contamination or personal injury resulting from our exposure to or third parties' disposal of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources. We also could incur significant costs associated with civil or criminal fines and penalties. We may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair our research, development or production activities. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions.

Failure to make adequate contributions to various government-sponsored employee benefits plans as required by PRC regulations may subject us to penalties.

Companies operating in China are required to participate in various government-sponsored employee benefit plans, mainly including certain social insurance and housing provident fund. During the Track Record Period, we had not made full contributions to social insurance for our employees. As of June 30, 2022, we made provision in an aggregate amount of RMB2.2 million to cover the unpaid amount of social insurance of the Track Record Period, which did not include the fines and penalties in relation to such unpaid amount. As of the Latest Practicable Date, we had ensured that full contributions to social insurance for our employees will be made according to relevant laws and regulations with respect to social insurance contributions. As of same date, we had not received any notice of warning or been subject to any administrative penalties or other disciplinary actions from the relevant governmental authorities for our historical unpaid amount.

Pursuant to applicable laws and regulations, we may be ordered by the relevant government authorities to pay the historical shortfall amount within a prescribed period and the historical shortfall in social insurance contributions shall be subject to a late fee of 0.05% per day from the due date. If we fail to make a payment within the prescribed period, we may face an additional fine ranging between one to three times the historical shortfall in social insurance contributions. However, we cannot assure you that local authorities will not impose late fees, pecuniary penalties or other administrative actions on us for our historical noncompliance. If local authorities determine that we failed to make adequate contributions to any employee benefits as required by relevant PRC regulations, we may face late fees or fines in relation to the underpaid employee benefits. In addition, our provision for these liabilities may not be adequate. As a result, our financial condition and results of operations may be materially and adversely. See "Business — Employees" for more details.

In addition, given the nationwide nature of our business, certain of our employees, especially our sales person and engineers, are local residents of different provinces and cities in the PRC. According to the prevailing PRC regulations and practices, we are permitted to directly make social insurance and housing provident fund contributions in a particular province or city only if we have a business venue (such as a subsidiary or branch) in such province or city. During the Track Record Period, we did not have any business venue except in Beijing, Shanghai, Tianjin and seven other cities, and were therefore not permitted to directly make social insurance and housing provident fund contributions in other provinces and cities. However, most of our employees who are local residents of other provinces and cities were unwilling to have us make social insurance and housing provident fund contributions in cities where we have a business venue because this would mean that they could not practically enjoy most of the benefits of the social insurance and housing provident fund. As a result, during the Track Record Period, certain of the social insurance fund and housing provident fund contributions for our employees were paid on behalf of us by a third party institution, which, together with its affiliates, is a nationwide human resources service provider with a business venue in different provinces and cities in the PRC. This arrangement, while not uncommon in China, is not in strict compliance with the relevant PRC laws and regulations. During the Track Record Period and as of the Latest Practicable Date, to our best knowledge, our employees had not lodged any report or complaint against us to the relevant PRC regulatory authorities with respect to social insurance fund and housing provident fund contributions. As of the Latest Practicable Date, we had not received any notice of warning or been subject to any administrative penalties from the relevant PRC regulatory authorities directly.

As advised by our PRC Legal Adviser, the aforesaid payment of social insurance and housing provident fund contributions through a third party institution will not in itself directly lead to fines or other penalties under the relevant PRC laws and regulations, and would attract fines only if the relevant regulatory authorities order us to make ratification but we fail to rectify within the time period specified.

In addition, the relevant employees have signed confirmation letters authorizing us to entrust the third party institutions to pay social insurance and housing provident fund contributions in different places and undertaking not to bring claims to relevant regulatory authorities as a result of such third-party payments. However, we cannot guarantee that we will not be subject to any fines or other penalties.

Taxation authorities could challenge our allocation of taxable income which could increase our consolidated tax liability.

During the Track Record Period, we have carried out certain intra-group transactions. Please see "Business — Transfer Pricing Arrangements" for details. We expect that the transfer pricing arrangements will continue in the foreseeable future. We have determined transfer pricing arrangement that we believe are the same as the arrangement that would be charged by unrelated third parties on an arms' length basis. However, there is no assurance that tax authorities reviewing such arrangements would agree that we are in compliance with transfer pricing related laws and regulations, or such laws and regulations will not be modified. In the event that an authority of any relevant jurisdiction determines that the transfer prices were not on an arms' length basis that affect taxable income, such authority could require our relevant subsidiaries to re-determine the transfer prices and thereby reallocate revenue, deduct costs and expenses or adjust taxable income of the relevant subsidiary in order to accurately reflect the taxable income. Any such reallocation or adjustment could result in higher overall tax liability for us, which may adversely affect our business, financial condition and results of operations.

Our insurance coverage may be inadequate to protect us from the liabilities we may incur.

We maintain insurance policies that are required under PRC laws and regulations as well as based on our assessment of our operational needs and industry practice. We maintain different types of insurance policies, including social insurance and accidental injury insurance for our employees. See "Business — Insurance." In line with industry practice in the PRC, we have elected not to maintain certain types of insurances, such as product liability insurance, business interruption insurance and key man insurance. Our insurance coverage may be insufficient to cover any claim for product liability, damage to our fixed assets or employee injuries. Any liability or damage to, or caused by, our facilities or our personnel beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources.

Failure of our information technology systems could disrupt our operations.

Our information technology systems play a significant part in our operations. We rely on our information technology systems to effectively manage accounting and financial functions, product orders, inventory, and our research and development data. We also rely on our information technology systems to collect and store data and information we obtain in the ordinary course of our business. Our information technology systems are vulnerable to (i) damage or interruptions from earthquakes, fire, flood and other natural disasters; (ii) attacks from computer viruses or hackers, power loss; and (iii) computer system, Internet, telecommunications or data network failure. We could be subject to risks caused by misappropriation, misuse, leakage, falsification or intentional or accidental release or loss of information maintained in our information systems. If a material breach of our information technology systems occurs, market perception of the effectiveness of our security measures could be harmed and our reputation and credibility could be damaged. We could be required to expend significant amounts of money and other resources to repair or replace information systems and be subject to regulatory actions and/or claims involving privacy issues related to data collection and use practices and other data privacy laws and regulations. The failure of our information technology systems to perform as we anticipate could disrupt our business and product development and could result in decreased sales and increased overhead costs, all of which could materially and adversely affect our business, financial condition and results of operations.

Failure to comply with PRC property-related laws and regulations regarding certain of our leased properties may adversely affect our business, financial condition and results of operations.

We leased certain properties in the PRC in connection with our business operations. Some of these properties do not meet certain property-related requirements under PRC laws and regulations. For example, as of the Latest Practicable Date, leasing agreements of 25 of our leased properties for operation had not been registered and filed with the competent PRC government authorities as required by applicable PRC laws and regulations. We cannot assure you that the lessors will cooperate and complete the registration in a timely manner. Our PRC Legal Adviser has advised us that failure to complete the registration and filing of lease agreements will not affect the validity of such leases or impede our use of the relevant properties but could result in the imposition of fines up to RMB10,000 for each leased property that is unregistered if we fail to rectify the noncompliance within the time frame prescribed by the relevant authorities.

Furthermore, as of the Latest Practicable Date, one of the lessors of our lease properties has not provided us with the property ownership certificate. If the lessor is not the owner of the property and the lessor has not obtained consent from the owner or their lessor, our lease could be invalidated or terminated as a result of challenges by third parties. In addition, the actual usages of one leased property which had been used as office was inconsistent with the usage set out in the respective title certificate. As such, authorities or third parties may challenge or initiate claims against the landlord with respect to the usage of the properties. If that occurs, we may have to renegotiate the leases with the landlords or other parties who have the right to lease the properties, and the terms of the new leases may be less favorable to us. Although we may seek damages from such lessors, such leases may be void and we may be forced to relocate, which may negatively influence our operations.

We have relied on and expect to continue to rely on third parties to supply raw materials to manufacture our products, and our business could be harmed if we are unable to obtain such raw materials in sufficient quantities or at acceptable quality or prices.

The principal raw materials for our products include, among others, hydrophobic acrylic button and hydrophilic acrylic material blank for processing intraocular lens. See "Business — Raw Material and Suppliers — Our Raw Materials." Any disruption in production or inability of our suppliers to produce adequate quantities to meet our needs could impair our ability to manufacture products as scheduled and to operate our business on a day-to-day basis. Moreover, we expect our demand for such raw materials to increase as we expand our business scale and commercialize our products, and we cannot guarantee that current suppliers have the capacity to meet our demand. We are also exposed to the possibility of increased costs, which we may not be able to pass on to customers, and as a result, lower our profitability. In addition, although we have implemented quality inspection procedures on such materials before they are used in our manufacturing process and require our suppliers to maintain high quality standards, we cannot guarantee that we will be able to detect all quality issues in the supplies we use. We also cannot assure you that these third parties will be able to maintain and renew all licenses, permits and approvals necessary for their operations or comply with all applicable laws and regulations. Failure to do so by them may lead to interruption in their business operations, which in turn may result in shortage of the raw materials supplied to us. If we are unable to do so and the quality of our products suffers as a result, we may have to delay manufacturing and sales, recall our products, be subject to product liability claims, fail to comply with continuing regulatory requirements and incur significant costs to rectify such issue, which may have a material and adverse effect on our business, financial condition and results of operations.

Our business and reputation may be adversely affected by negative publicity involving us, our Shareholders, Directors, officers, employees, brand partners, distributors, sub-distributors, suppliers, KOLs or other parties we cooperate with, or by general negative publicity in the industry.

We, our Shareholders, Directors, officers, employees, brand partners, distributors, sub-distributors, suppliers, KOLs or other parties we cooperate with may be subject to negative media coverage and publicity from time to time. Such negative coverage in the media and publicity could threaten the perception of our reputation. In addition, to the extent our employees, brand partners, distributors, sub-distributors, suppliers, KOLs or other parties we cooperate with were non-compliant with any laws or regulations, we may also suffer negative publicity or harm to our reputation. Given our specialized industry, any negative publicity regarding our industry could also affect our reputation and confidence in our brand and products. As a result, we may be required to spend significant time and incur substantial costs in response to allegations and negative publicity, and may not be able to diffuse them to the satisfaction of our investors, customers, hospitals and physicians.

If we fail to fulfill our obligations under the contracts with customers, our results of operations and financial condition may be adversely affected.

We may collect advance payments pursuant to our agreements with our customers before we start delivering our products. This gives rise to contract liabilities at the start of each service agreement that we enter into. As of December 31, 2019, 2020 and 2021 and June 30, 2022, our contract liabilities amounted to RMB133.4 million, RMB150.7 million, RMB123.1 million and RMB141.7 million, respectively. See "Financial Information — Description of certain items from the consolidated statements of financial position — Contract liabilities." If we fail to fulfill our obligations under our contracts with customers, we may not be able to convert such contract liabilities into revenue, and our customers may also require us to refund the payments we have received, which could adversely affect our cash flow and liquidity condition, our results of operations and financial condition. In addition, failure in fulfilling our obligations under our contracts with customers could adversely affect our relationship with such customers, which may in turn affect our reputation and results of operations in the future.

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

As of June 30, 2022, we recorded goodwill of RMB857.6 million, which primarily arose from the acquisition of Teleon completed in January 2021. For more information about the acquisition of Teleon, see "History, Reorganization and Development — Corporate development — Our Major Subsidiaries in Germany and the Netherlands — Acquisition of Teleon." Goodwill represented a significant portion of the assets on our consolidated balance sheet as of June 30, 2022. The value of goodwill is based on a number of assumptions made by the management. If any of these assumptions does not materialize, or if the performance of our business is not consistent with such assumptions, we may be required to have a significant write-off of our goodwill and record a significant impairment loss, which could in turn adversely affect our results of operations. Any significant impairment of goodwill or other intangible assets could have a material adverse effect on our business, financial condition and results of operations. For more information regarding our impairment policy in relation to goodwill, see Note 15 to the Accountants' Report in Appendix I to this Document.

We recorded a 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.

As of December 31, 2019, 2020 and 2021 and June 30, 2022, we had intangible assets (other than goodwill) of RMB13.4 million, RMB21.8 million, RMB303.9 million and RMB280.0 million, respectively, which primarily comprised computer softwares, patent rights and trademarks. Our intangible assets (other than goodwill) are generally amortised over their useful economic life and assessed for impairment where an indication of impairment exists. While we did not recognize impairment loss for our intangible assets (other than goodwill) during the Track Record Period, we cannot assure you that there will be no such charges in the future. In particular, if any indicator of impairment exists, our intangible assets will be subject to quantitative testing and we may recognize impairment loss for our intangible assets, which could have a material adverse effect on our business, financial condition and results of operations. For details of our intangible assets, see Note 16 to the Accountants' Report in Appendix I to this Document. Furthermore, our determination on whether intangible assets are impaired requires an estimation of the carrying amount and recoverable amount of an intangible asset. If the carrying amount exceeds its recoverable amount, our intangible assets may be impaired. The impairment of intangible assets could have a material adverse effect on our financial condition and results of operations. For more information regarding our impairment policy in relation to intangible assets, see Note 3 to the Accountants' Report in Appendix I to this Document.

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

As of December 31, 2019, 2020 and 2021 and June 30, 2022, our allowance for impairment of our prepayments, other receivables and other assets amounted to RMB0.8 million, RMB1.2 million, RMB1.9 million and RMB1.8 million, respectively, which is primarily attributed to the impairment for deposits and other receivables. For details of our prepayments, other receivables and other assets, see Note 21 to the Accountants' Report in Appendix I to this Document. Although our management's estimates have been made in accordance with information available to us, such estimates are subject to further adjustment if new information becomes known. In the event that the actual recoverability is lower than expected, or that our past allowance for impairment of prepayments, other receivables and other assets becomes insufficient in light of any new information, we may need to provide an additional allowance for impairment, and therefore materially and adversely affect our business, financial position and results of operations.

We are exposed to changes in the fair value of financial assets measured at fair value through profit or loss.

We recognized financial assets at fair value through profit or loss of RMB200.2 million, RMB0.01 million, nil and nil as of December 31, 2019, 2020 and 2021 and June 30, 2022, respectively, which reflected the wealth management products purchased by us. See Note 18 to the Accountants' Report in Appendix I to this Document. Although the last batch of wealth management products purchased by us reached its due date in 2021 and we did not hold any other wealth management products as of the Latest Practicable Dates, we may invest in wealth management products in future as part of our treasury management and the fair value changes of our future investments measured at fair value through profit or loss may negatively affect our financial performance.

The fair value changes of financial assets measured at fair value through profit or loss may significantly affect our financial position and results of operations. Factors beyond our control can significantly influence and cause adverse changes to the fair value of such assets. These factors include changes in general economic condition, market interest rates and stability of the capital markets. Changes in any of these factors could materially and adversely affect our results of operation and financial condition.

Any significant decrease in our profitability in the future would have a material adverse effect on our ability to recover our deferred tax assets, which could have a material adverse effect on our results of operations.

As of December 31, 2019, 2020 and 2021 and June 30, 2022, we had deferred tax assets of RMB14.8 million, RMB13.8 million, RMB40.8 million and RMB46.2 million, respectively. We recognize deferred tax assets to the extent that our management estimates that it is probable that we will generate sufficient taxable profit in the foreseeable future to offset against the deductible losses. Therefore, the recognition of deferred tax assets involves significant judgment and estimates of our management on the timing and level of future taxable profits. When the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and taxation charges in the period in which such estimate is changed, and the carrying amount of deferred tax assets may be reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilized. Accordingly, if our profitability in the future is significantly lower than the estimates of our management when our deferred tax assets were recognized, our ability to recover such deferred tax assets would be materially and adversely affected, which could have a material adverse effect on our results of operations. For more information regarding our deferred tax, see Note 30 to the Accountants' Report in Appendix I to this Document.

Our results of operations, financial condition and prospects may be adversely affected by fair value changes in our loans.

On December 31, 2020, we entered into a mezzanine facility agreement with Credit Suisse to obtain the mezzanine facility loan, which was to refinance the bridge facility loan taken out to finance our acquisition of Teleon. The annualised internal rate of the mezzanine facility loan will rise from 5% to 12% if a recognised [**REDACTED**] of the Company has not occurred. For details, see "Financial Information — Indebtedness — Bank Borrowings." As such, we realized fair value losses of loans at fair value through profit or loss of RMB4.7 million and gains of RMB0.1 million for the year ended December 31, 2021 and the six months ended June 30, 2022. The fair value changes in our loans represent the changes in fair value of the outstanding loans and relate to the changes in our valuation. We may issue new loans after the [**REDACTED**] and may incur losses from the fair value changes in the newly issued loans. In addition, we cannot assure you that we will not incur any losses from the fair value changes in our existing or any newly issued loans in the future. If we continue to incur such fair value losses, our results of operations, financial condition and prospects may be adversely affected. For further details, see Notes 31 to the Accountant's Report in Appendix I to this document.

We have incurred net losses in the past and may not be able to maintain our revenue or control our costs and expenses.

We incurred net losses of RMB38.0 million, RMB191.6 million, RMB34.6 million and RMB53.3 million for the years ended December 31, 2019 and 2021 and the six months ended June 30, 2021 and 2022, respectively, primarily because our revenue fluctuated during the Track Record Period due to the disruption in supply chain caused by the outbreak of COVID-19 and we recorded significant fair value losses of convertible redeemable Preferred Shares. See "— Our financial performance may be adversely affected by fair value changes in our convertible redeemable Preferred Shares, which will be converted into Shares upon the [**REDACTED**]." The net losses for the six months ended June 30, 2022 were also attributable to the increase in research and development expenses and other expenses. After the [**REDACTED**], we may incur additional compliance, accounting and other expenses that we did not incur as a private company and further our research and development activities. If our revenue does not grow faster than our expenses, we may not be able to achieve and maintain profitability. We may also incur net losses in the future for various reasons, many of which may be beyond our control. Additionally, we may encounter unforeseen expenses, operating delays, or other unknown factors that may result in net losses in the future. If our cost of sales and expenses continuously exceed our revenue, our business may be materially and adversely affected and we may not be able to achieve or maintain profitability.

We have incurred net liabilities in the past and cannot assure you that we will not experience net liabilities in the future, which could expose us to liquidity risks.

We had net liabilities of RMB69.8 million, RMB633.4 million and RMB698.2 million as of December 31, 2019, 2021 and June 30, 2022, respectively, primarily because our convertible redeemable Preferred Shares were recorded as non-current liabilities of RMB644.2 million, RMB1,660.4 million and RMB1,785.2 million, as of the same dates, which will be re-designated from liabilities to equity as a result of the automatic conversion into Shares upon the [**REDACTED**]. See "— Our financial performance may be adversely affected by fair value changes in our convertible redeemable Preferred Shares, which will be converted into Shares upon the [**REDACTED**]." We cannot assure you that we will not experience net liabilities in the future and this may affect our abilities to obtain the required financing. If we fail to maintain sufficient cash and financing, we may not have sufficient cash flows to fund our business, operations and capital expenditure and our business and financial position will be adversely affected.

Our financial performance may be adversely affected by fair value changes arising from our convertible redeemable Preferred Shares, due to the use of unobservable inputs.

We recorded losses from changes in fair value of Preferred Shares of RMB173.2 million, RMB64.6 million, RMB375.6 million, RMB99.2 million and RMB36.1 million for the years ended December 31, 2019, 2020 and 2021 and the six months ended June 30, 2021 and 2022, respectively. The convertible redeemable Preferred Shares are designated as non-current liabilities on the consolidated balance sheets and the corresponding changes in their fair value are recognized as fair value loss on the consolidated income statement. The fair value changes arising from convertible redeemable Preferred Shares may significantly affect our financial position and results of operations.

The valuation of Preferred Shares is subject to uncertainty due to the various assumptions made, such as expected volatility, lack of marketability discount and risk-free interest rate and significant unobservable inputs, such as volatility and probability for [**REDACTED**], as outlined in Note 32 to the Accountants' Report, as set out in Appendix I to this Document. These require us to make significant estimates, which may be subject to material changes, and therefore inherently involves a certain degree of uncertainty. Factors beyond our control can significantly influence and cause adverse changes to the estimates we use and thereby affect the results of valuation. These factors include, but are not limited to, general economic condition, changes in market interest rates and stability of the capital markets. Any of these factors, as well as others, could cause our estimates to vary from actual results, which could materially and adversely affect our results of operation and financial condition.

The fair value loss arising from convertible redeemable Preferred Shares is a non-cash item that will not recur in financial years after the [**REDACTED**], as the convertible redeemable Preferred Shares issued by us will be re-designated from liabilities to equity as a result of the automatic conversion into Shares upon the [**REDACTED**]. However, we may still retain accumulated losses due to the fair value loss arising from our convertible redeemable Preferred Shares prior to and upon the [**REDACTED**].

If material provision is made for our inventory, our results of operations and financial condition may be adversely affected.

As of December 31, 2019, 2020 and 2021 and June 30, 2022, our inventories, including finished goods, goods in transit, raw materials, and work in progress, amounted to RMB195.8 million, RMB239.6 million, RMB240.1 million and RMB266.0 million, respectively, and our average inventory turnover days for the years ended December 31, 2019, 2020 and 2021 and the six months ended June 30, 2022 were 111 days, 152 days, 129 days and 158 days, respectively. During the Track Record Period, we recorded provision for inventories of RMB1.9 million, RMB1.2 million, RMB5.5 million and RMB5.4 million, respectively. We cannot assure you that we will not experience any slow movement of inventories, which may result from our reduced sales due to changes in the market condition, customer preference or incorrect estimation of the market demand for our products. In addition, due to long production cycle of our products, we may not able to respond promptly to any unexpected change in circumstances, such as fluctuations in market demand and prices of graphite electrodes as well as our major raw materials. A significant decline in market price of graphite electrodes could materially and adversely affect the net realizable value of our inventories and a sudden surge in the market price of raw material may materially and adversely affect our cost control. As such, if we fail to manage our inventories effectively or are unable to dispose of excess inventories, we may face a risk of increase in the required working capital and/or significant inventory provisions, which may impose pressure on our operating cash flow, and materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO INTELLECTUAL PROPERTY RIGHTS

We may not be able to protect our intellectual property rights which may adversely affect our reputation and disrupt our business.

The success of our Proprietary Products depends in part on our ability to protect our proprietary technologies by obtaining intellectual property rights, including patent rights. We

primarily focus on protecting our intellectual property rights in China and Europe. We also seek to protect trade secrets, proprietary know-how and other non-patentable technology through confidentiality and non-competition agreements with our senior management and certain key members of our research and development team. In addition, we include a confidentiality clause in our standard employment contract with employees and agreements with our partners in joint R&D activities and other third parties who may have access to our proprietary information. See "Business — Intellectual Property." We cannot assure you that these agreements will not be breached, or that our employees or other third parties have not disclosed, or will not disclose, any of our trade secrets, proprietary know-how or other non-patentable technology to our competitors or others. We may not have adequate remedies for any breach, and cannot assure you that our trade secrets, proprietary know-how and other non-patentable technology will not otherwise become known to, or be independently developed by, our competitors.

Filing, prosecuting, maintaining and defending patents on our Proprietary Products and pipeline products in all other countries throughout the world could be prohibitively expensive for us. The intellectual property rights in other countries can have a different scope and strength compared to those in China. In addition, the laws of certain countries may not protect intellectual property rights to the same extent as PRC laws. Many companies have encountered problems in protecting and defending intellectual property rights in other countries. The legal system in other countries could make it difficult for us to stop the infringement, misappropriation or other violation of our patents or other intellectual property rights, or to prevent the marketing of competing products in violation of our proprietary rights in these countries.

Proceedings to enforce our intellectual property and proprietary rights could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly, could put our patent applications at risk of not issuing, and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

Consequently, we may not be able to prevent third parties from using our patents in all other countries outside China, or from selling or importing products made using our patents in and into China or other jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and further, may export otherwise infringing products to jurisdictions where we have patent protection, but where enforcement rights are not strong. These products may compete with our products or pipeline products and our patent rights or other intellectual property rights may not be effective or adequate to prevent them from competing.

China and other countries have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In China, the patent owner may have limited remedies, which could materially diminish the value of such patent. If we are forced to grant a license to third parties with respect to any patents relevant to our business, our competitive position may be impaired, and our business, financial condition, results of operations, and prospects may be adversely affected.

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

Our success depends in large part on our ability to protect our proprietary technologies. Effective protection of our intellectual property is critical to maintaining our competitive position. As of the Latest Practicable Date, we had registered ten invention patents and 19 utility patents in China, which we believe are material to our business. However, due to the complexity of patent application, the issuance of a patent may not be conclusive as to its inventorship, scope, validity or enforceability, and our patent applications may be challenged in courts or patent offices. Consequently, we do not know whether any of our technologies or products will be protectable or remain protected by valid and enforceable patents. If we are unable to obtain patent protection with respect to our technologies and products, third parties could develop and commercialize technologies and products similar or identical to ours and compete directly against us. Our ability to successfully commercialize any technology or product may be adversely affected, and our business, financial condition, results of operations and prospects could be materially harmed.

The scope of patent protection in various jurisdictions is uncertain. Changes in either the patent laws or their interpretation in China or other countries may diminish our ability to protect our inventions, obtain, maintain, defend, and enforce our intellectual property rights and, more generally, could affect the value of our intellectual property or narrow the scope of our patent rights. We cannot predict whether the patent applications we are currently pursuing and may pursue in the future will issue as patents in any particular jurisdiction or whether the claims of any future granted patents will provide sufficient protection from competitors.

The coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance. Even if patent applications we own currently or in the future issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors or other third parties from competing with us, or otherwise provide us with any competitive advantage.

Furthermore, although various extensions may be available, the life of a patent, and the protection it affords, is limited. Even if we successfully obtain patent protection for an approved product, it may face competition from other providers once the patent has expired.

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

Periodic maintenance fees, renewal fees, annual fees and various other governmental fees on patents and patent applications are due to be paid to the China National Intellectual Property Administration (CNIPA) and other patent agencies in several stages over the lifetime of a patent. The CNIPA and other governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other provisions during the patent application process.

Although an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which non- compliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include failure to respond to official actions within prescribed time limits, non-payment of fees, and failure to properly legalize and submit formal documents. In any such event, our competitors might be able to enter the market, which would have a material adverse effect on our business.

We may infringe upon the intellectual property rights of third parties.

Our commercial success depends upon our ability to introduce, develop, manufacture, market and sell Distribution Products and Proprietary Products. We cannot guarantee that our Distribution Products and Proprietary Products, or any uses of such products do not and will not in the future infringe third-party patents or other intellectual property rights, including our brand partner's intellectual property rights. For example, we sell Distribution Products that are labeled with the brands and trademarks of our branding partners in China. We may not be able to verify or guarantee that such products do not infringe the intellectual property rights of a third party, and we may be unknowingly infringing upon third-party intellectual property rights by selling such products in China. Third parties might allege that we are infringing their patent rights or that we have misappropriated their trade secrets, or that we are otherwise violating their intellectual property rights, whether with respect to the manner in which we have conducted our research, or use or manufacture the medical instruments or accessories we have developed or are developing. Such third parties might resort to litigation against us or other parties we have agreed to indemnify, which litigation could be based on either existing intellectual property or intellectual property that arises in the future. Since a substantial portion of our revenue is, and we expect will continue to be, derived from selling the Distribution Products, the sales volumes, pricing levels or profitability of any of these products may be materially and adversely affected when third-party intellectual property is infringed by distributing these products.

If third parties successfully assert their intellectual property rights against us or in order to avoid or settle potential claims, we might be barred from using certain aspects of our technology, or barred from developing and commercializing certain products. Prohibitions against using certain technologies, or prohibitions against commercializing certain products, could be imposed by a court or by a settlement agreement between us and a plaintiff. In addition, if we are unsuccessful in defending against allegations that we have infringed, misappropriated or otherwise violated patent or other intellectual property rights of others, we may be forced to pay substantial damage awards to the plaintiff. There is uncertainty in any litigation, including intellectual property litigation. There can be no assurance that we would prevail in any intellectual property litigation, even if the case against us is weak or flawed. If litigation leads to an outcome unfavorable to us, we may be required to obtain a license from the intellectual property owner in order to continue our research and development programs or to market any resulting product. It is possible that the necessary license will not be available to us on commercially acceptable terms, or at all. Alternatively, we may be required to modify or redesign our products in order to avoid infringing or otherwise violating third-party intellectual property rights. This may not be technically or commercially feasible, may render our products less competitive, or may delay or prevent the entry of our products to the market. Any of the foregoing could limit our research and development activities, our ability to commercialize one or more pipeline products, or both.

Defending against claims of patent infringement, misappropriation of trade secrets or other violations of intellectual property rights could be costly and time consuming, regardless of the outcome. Thus, even if we were to ultimately prevail, or to settle at an early stage, such litigation could burden us with substantial unanticipated costs. Some of our competitors are larger than we are and have substantially greater resources. They may be able to sustain the costs of complex intellectual property litigation longer than we could.

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

If we are unable to protect the confidentiality of our trade secrets, or if our employees wrongfully use or disclose alleged trade secrets of their former employers, our business would be harmed.

If we are unable to protect the confidentiality of our trade secrets, or if our employees wrongfully use or disclose alleged trade secrets of their former employers, our business would be harmed.

In addition to our issued patent and pending patent applications, we rely on trade secrets, including unpatented know-how, technology and other proprietary information, to maintain our competitive position and to protect our products and pipeline products. We seek to protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements or including such undertakings in the agreement with parties that have access to them, such as our employees, external scientific collaborators, external advisors, sponsored researchers, consultants, advisors and other third parties. However, any of these parties may breach such agreements and disclose our proprietary information, and we may not be able to obtain adequate remedies for such breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret can be difficult, expensive and time-consuming, and the outcome is unpredictable. If any of our trade secrets were lawfully obtained or independently developed by a competitor, we would have no right to prevent them from using that technology or information to compete with us and our competitive position would be harmed.

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

In addition, while we typically require our employees involved in the development of intellectual property to hand over all documents and records related to intellectual property to us when they leave their positions under our non-competition agreements, we may be unsuccessful in executing such an agreement with each party who in fact develops intellectual property that we regard as our own, which may result in claims by or against us related to the ownership of such intellectual property. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial costs and be a distraction to our management and scientific personnel.

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

We own a number of trademarks in China and other jurisdictions. Our registered or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names, which we need to build brand recognition among potential partners or customers in our markets of interest. During the Track Record Period, some of our distributors used our trademarks and brand name when conducting sales and marketing activities on our behalf or promoting our products. We may not be able to prevent unauthorized use of our trademarks and trade names by distributors, which may harm our brand and reputation. At times, competitors may adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively and our business may be adversely affected. Moreover, we cannot assure you that our trademarks will not be imitated, or there will be no counterfeits sold to our customers under our trademarks. End-users may suffer from safety incidents caused by counterfeit products, which may subject us to costly investigations and counterfeit crack downs, and materially and adversely affect our business and reputation. Our efforts to enforce or protect our proprietary rights related to trademarks, trade secrets, domain names, copyrights or other intellectual property may be ineffective and could result in substantial costs and diversion of resources and could adversely affect our competitive position, business, financial condition, results of operations, and prospects.

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

The scope of patent protection in various jurisdictions is uncertain. Changes in either the patent laws or their interpretation in China or other countries may diminish our ability to protect our inventions, obtain, maintain, defend, and enforce our intellectual property rights and, more generally, could affect the value of our intellectual property or narrow the scope of our patent rights. We cannot predict whether the patent applications we are currently pursuing and may pursue in the future will issue as patents in any particular jurisdiction or whether the claims of any future granted patents will provide sufficient protection from competitors. The coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be

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

RISKS RELATING TO CONDUCTING BUSINESS IN CHINA

China's political, economic and social conditions could affect our business, financial condition, results of operations and prospects, and adverse developments in China's economy or an economic slowdown in China may reduce the demand for our products and services and have a material adverse effect on our business, financial condition, results of operations and prospects.

We conduct most of our business in China, and substantially all of our assets and operations are located, and substantially all of our revenue is derived from our operations, in China. Accordingly, our business, financial position, results of operations and prospects are subject to the political, economic and legal developments in China. The Chinese economy differs from the economies of most developed countries in many respects, including government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. We believe the PRC government has indicated its commitment to the continued reform of the economic system as well as the structure of the government. The PRC government's reform policies have emphasized the independence of enterprises and the use of market mechanisms. However, the PRC government continues to play a significant role in regulating industrial development, allocation of natural and other resources, production, pricing and management of currency, and there can be no assurance that the PRC government will continue to pursue a policy of economic reform or that the direction of reform will continue to be market friendly.

The economic growth over the past few decades in China was rapid; however, its continued growth has faced downward pressure since 2008 and its annual GDP growth rate has declined from 6.0% in 2019 to 2.3% in 2020, according to the National Bureau of Statistics of China (中華人民共和國國家統計局). There is no assurance that the future growth will be sustained at similar rates or at all. Any changes in the political, economic or social conditions in China may materially and adversely affect our business, financial condition and results of operations.

There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations. A large portion of our operations are conducted in China through our PRC subsidiaries, and are governed by PRC laws, rules and regulations. Our PRC subsidiaries are subject to laws, rules and regulations applicable to foreign investment in China. The PRC legal system is a civil law system based on written statutes with prior court decisions and judgements having limited precedential value.

In the late 1970s, the PRC government began to promulgate a comprehensive system of laws, rules and regulations governing economic matters in general and protection of foreign investments. However, China has not developed a fully-integrated legal system, and recently enacted laws, rules and regulations may not sufficiently cover all aspects of economic activities in China or may be subject to significant degrees of interpretation by PRC regulatory agencies. Different national, provincial or local government authorities may interpret and enforce laws, rules and regulations, such as those related to social insurance and housing provident funds, tax, healthcare, among others, differently and inconsistently. Moreover, their interpretation and enforcement may be subject to change, as a result of changes in political environments, regulatory system reforms or other reasons. In particular, because these laws, rules and regulations, including those related to social insurance and housing provident funds, tax and healthcare, among others, may give the relevant regulators at different administration levels and from different regions significant discretion in how to interpret and enforce them, and because of the limited number of published decisions and the nonbinding nature of such decisions, the interpretation and enforcement of these laws, rules and regulations involve uncertainties and can be inconsistent and unpredictable. Their interpretations and enforcement may be subject to change, as a result of changes in political environments, regulatory system reforms or other reasons, and may subject us to higher compliance and operating costs and divert our management's attention. In addition, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all, and which may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until after the occurrence of the violation.

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

The Renminbi is not presently a freely convertible currency, and conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. A substantial majority of our revenue and future income is expected to be denominated in Renminbi and we will need to convert Renminbi into foreign currencies for the payment of dividends, if any, to holders of our Shares. There is no assurance that, under a certain exchange rate, we will have sufficient foreign currencies to meet our foreign exchange requirements.

Under the current PRC foreign exchange control system, we are required to present documentary evidence of foreign exchange transactions under the current account conducted by us, including the payment of dividends following completion of the [**REDACTED**], and conduct such transactions at designated foreign exchange banks within China that have the requisite licenses to carry out foreign exchange business. In addition, foreign exchange transactions under the capital account conducted by us are subject to limitations and are required to obtain approvals from, or register with SAFE or other relevant PRC governmental authorities. There is no assurance that we will be able to receive these approvals or complete required registrations in time, or at all. The existing foreign regulations allow us, following completion of the [**REDACTED**], to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, there is no assurance that the PRC government will continue to adopt this policy going forward. The PRC government may also restrict our access to foreign currencies for current account transactions at its discretion. Any insufficiency of foreign currencies may impair our ability to obtain sufficient foreign currencies for dividend payments to our Shareholders or to satisfy any other foreign exchange requirements.

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

Substantially all of our assets are located in China and substantially all of our executive Directors and senior management reside in China. Therefore, it may not be possible to effect service of process within Hong Kong or elsewhere outside of China upon us or our Directors or senior management. Moreover, China has not entered into treaties for the reciprocal recognition and enforcement of court judgments with Japan, the United Kingdom, the United States and many other countries. As a result, recognition and enforcement in China of a court judgment obtained in other jurisdictions may be difficult or impossible.

In addition, on July 14, 2006, China and Hong Kong signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "**Arrangement**"). Pursuant to the Arrangement, a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China. Similarly, a party with a final judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong or PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it may not be possible to enforce a judgment rendered by a Hong Kong court in China if the parties in the dispute do not agree to enter into a choice of court agreement in writing.

On January 18, 2019, China and Hong Kong signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "**New Arrangement**"), which seeks to establish a bilateral legal mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between the two places. The New Arrangement will be implemented by local legislation in Hong Kong. It will take effect after both China and Hong Kong have completed the necessary procedures to enable implementation and will apply to judgments made on or after the commencement date. The Arrangement will be abolished upon the effectiveness of the New Arrangement. However, it is unclear as to when the implementations of the New Arrangement in both places will be completed. As the Arrangement is still in force, it remains difficult or impossible for investors to enforce a Hong Kong court judgment against our assets or our Directors or senior management in China.

We may be deemed to be a PRC resident enterprise under the Enterprise Income Tax Law and our global income may be subject to Chinese corporate withholding tax under the Enterprise Income Tax Law.

Pursuant to the EIT Law, which came into effect on January 1, 2008 and was amended on February 24, 2017 and December 29, 2018, an enterprise established outside of China whose "*de facto* management body" is located in China is considered a "PRC resident enterprise" and will generally be subject to the uniform EIT rate of 25% on its global income. The Regulation on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》) defines "*de facto* management body" as the organization body that effectively exercises management and control over aspects such as the business operations, personnel, accounting and properties of the enterprise.

On April 22, 2009, the SAT released the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) ("**Circular 82**"), as amended on January 29, 2014 and December 29, 2017, which sets out the standards and procedures for determining whether the "*de facto* management body" of an enterprise registered outside of China and controlled by PRC enterprises or PRC enterprise groups is located within China. Under Circular 82, a foreign enterprise controlled by a PRC enterprise or PRC enterprise group is considered a PRC resident enterprise if all of the following apply: (i) the senior management and core management departments in charge of daily operations are located mainly within China; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies in China; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders' meetings are located or kept within China; and (iv) at least half of the enterprise's directors with voting rights or senior management reside within China. Further to Circular 82, the SAT issued Chinese-Controlled Offshore Incorporated Resident Enterprises Income Tax Regulation (《境外註冊中資控股居民企業所得税管理辦法(試行)》) ("**Bulletin 45**"), which took effect on September 1, 2011 and was most recently amended on June 15, 2018, to provide more guidance on the implementation of Circular 82 and clarify the reporting and filing obligations of such "Chinese controlled offshore incorporated resident enterprises." Bulletin 45 provides procedures and administrative details for the determination of resident status and administration of post-determination matters. Although Circular 82 and Bulletin 45 explicitly provide that the above standards apply to enterprises which are registered outside of China and controlled by PRC enterprises or PRC enterprise groups, Circular 82 may reflect SAT's criteria for determining the tax residence of foreign enterprises in general. If our global income were to be taxed under the EIT Law, our financial condition and results of operations may be materially and adversely affected.

Failure by the Shareholders or beneficial owners who are PRC residents to make any required applications and filings pursuant to regulations relating to offshore investment activities by PRC residents may prevent us from distributing profits and could expose us and our PRC resident Shareholders to liability under the PRC laws.

Circular 37 was promulgated by SAFE and became effective on July 14, 2014, which requires a PRC resident, including a PRC resident natural person or a PRC legal person, to register with the local branch of the SAFE before it contributes its assets or equity interest into a special purpose vehicle for the purpose of investment and financing. Following the initial registration,

when the special purpose vehicle undergoes change of basic information, such as change in PRC resident natural person shareholder, name or operating period, or occurrence of a material event, such as change in share capital of a PRC resident natural person, performance of merger or split, the PRC resident shall register such change with the local branch of the SAFE in a timely manner. Failure to comply with the registration procedures of Circular 37 may result in penalties, including the imposition of restrictions on the ability of the Offshore SPV's Chinese subsidiary to distribute dividends to its overseas parent.

We may not at all times be fully informed of the identities of all our Shareholders who are PRC residents and we do not have control over our Shareholders. As such, we cannot assure you that all of our PRC resident beneficial owners will comply with SAFE's regulations. Any failure by our PRC resident Shareholders to register with SAFE or update SAFE's records, or the failure of future Shareholders who are PRC residents to comply with the registration requirements may result in penalties and the prohibition of payments to offshore parents from capital reductions, share transfers or liquidations of our Chinese subsidiaries and could materially adversely affect our ownership structure, acquisition strategy, business operations and ability to make dividend payments to the Shareholders.

Dividends payable by us to our foreign investors and gains on the sale of our Shares may become subject to withholding taxes under Chinese tax laws.

We intend to take the position that we, as legal entities organized outside the PRC, are not deemed a Chinese resident enterprise. However, under the EIT Law, we may be deemed a Chinese resident enterprise by the Chinese tax authorities for tax purposes. As such, we may be required to withhold Chinese income tax on capital gains realized from sales of our Shares and dividends distributed to Shareholders, as such income may be regarded as income from "sources within China." In this case, our foreign corporate Shareholders who are not deemed Chinese resident enterprises may become subject to a 10% withholding income tax under the EIT Law, unless any such foreign corporate Shareholder is qualified for a preferential withholding rate under a tax treaty. Any non-resident taxpayer meeting conditions for enjoying the treaty benefits may be entitled to the treaty benefits itself when filing a tax return or making a withholding declaration through a withholding agent, subject to the subsequent administration by the tax authorities according to the Measures for the Administration of Non-Resident Taxpayers' Enjoyment of Treaty Benefits (《非居民納税人享受協定待遇管理辦法》) effective from January 1, 2020. If a competent tax authority, in the course of subsequent administration, finds out that a non-resident taxpayer enjoys treaty benefits without meeting the conditions thereof and underpays or fails to pay them at all, it may instruct the non-resident taxpayer to pay the overdue taxes within a prescribed period.

On February 3, 2015, the SAT issued the Public Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (《關於非居民企業間接轉讓財產企業所得税若干問題的公告》) ("**Circular 7**"), which replaced certain provisions in the Notice on Strengthening the Administration of Enterprise Income Tax on Non-Resident Enterprises (《關於加強非居民企業股權轉讓企業所得税管理的通知》). Circular 7 provided comprehensive guidelines relating to, and also heightened the Chinese tax authorities' scrutiny over, indirect transfers by a non-resident enterprise of assets (including equity interests) of a Chinese resident enterprise (the "**Chinese Taxable Assets**").

For example, Circular 7 provides that where a non-resident enterprise transfers Chinese Taxable Assets indirectly by disposing of equity interests in an overseas holding company directly or indirectly holding such Chinese Taxable Assets, Chinese tax authorities may disregard the existence of the overseas holding company and re-characterize the nature of the indirect transfer of Chinese Taxable Assets as a direct transfer of Chinese Taxable Assets, if such transfer is deemed to have been conducted for the purposes of avoiding Chinese EIT and without any other bona fide commercial purpose.

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

Although Circular 7 contains certain exemptions, it is unclear whether any exemptions under Circular 7 will be applicable to the transfer of our Shares or to any future acquisition by us outside of China involving Chinese Taxable Assets, or whether the Chinese tax authorities will reclassify such transaction by applying Circular 7. Therefore, the Chinese tax authorities may deem any transfer of our Shares by our Shareholders that are non-resident enterprises, or any future acquisition by us outside of China involving Chinese Taxable Assets, to be subject to the foregoing regulations, which may subject our Shareholders or us to additional Chinese tax reporting obligations or tax liabilities.

During the Track Record Period, we have taken some corporate restructuring steps in preparation for the [**REDACTED**]. See "History, Reorganization and Development — Reorganization." These corporate restructuring steps taken by us may be subject to Circular 7. In particular, there is a risk that the relevant transfer of equity may be considered by the relevant Chinese tax authority as having no "reasonable commercial purpose" and thus subject to the EIT Law. It is currently unclear how the relevant Chinese tax authorities will implement or enforce Circular 7.

RISKS RELATING TO THE [REDACTED] AND OUR SHARES

There has been no existing public market for our Shares and their liquidity and market price may fluctuate.

Prior to the [**REDACTED**], there has been no public market for our Shares. The initial [**REDACTED**] for our Shares was the result of negotiations between us and the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]) and the [**REDACTED**] may differ significantly from the market price for our Shares following the [**REDACTED**]. We have applied for [**REDACTED**] of and permission to [**REDACTED**] our Shares on the Stock Exchange. There

is no assurance that the [**REDACTED**] will result in the development of an active, liquid public [**REDACTED**] market for our Shares. Factors such as variations in our revenue, earnings and cash flows or any other developments of us may affect the volume and price at which our Shares will be [**REDACTED**].

Furthermore, the price and [**REDACTED**] volume of our Shares may be volatile. The following factors, among others, may cause the market price of our Shares after the [**REDACTED**] to vary significantly from the [**REDACTED**]:

- our financial results;
- stability of Hong Kong's economy and financial markets;
- unexpected business interruptions resulting from natural disasters or power shortages;
- major changes in our key personnel or senior management;
- changes in laws and regulations in China;
- our inability to compete effectively in the market;
- our inability to obtain or maintain regulatory approval for our operations;
- fluctuations in stock market prices and volume;
- changes in analysts' estimates of our financial performance;
- political, economic, financial and social developments in China and Hong Kong and in the global economy; and
- involvement in material litigation.

In addition, shares of other companies [**REDACTED**] on the Stock Exchange with operations and assets in China have experienced significant price volatility in the past. As a result, it is possible that our Shares may be subject to changes in price not directly related to our performance, and as a result, investors in our Shares may suffer substantial losses.

We may be subject to the approval or other requirements of the CSRC or other PRC governmental authorities in connection with future capital raising activities.

On July 6, 2021, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council jointly promulgated the Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law (關於依法從嚴打擊證券違法活動的意見) (the "**Opinions on Securities Activities**"), which called for the enhanced administration and supervision of overseas-listed China-based companies, proposed to revise the relevant regulation governing the overseas issuance and listing of shares by such companies and clarified the responsibilities of competent domestic industry regulators and government authorities. As of the Latest Practicable Date, due to the lack of further clarifications and detailed rules and regulations, there were still uncertainties regarding the interpretation and implementation of the Opinions on Securities Activities.

On December 24, 2021, the CSRC released the Administrative Provisions of the State Council on the Overseas Offering and Listing of Securities by Domestic Companies (Draft for Comments) (國務院關於境內企業境外發行證券和上市的管理規定(草案徵求意見稿)) and the Administrative Measures for the Overseas Offering and Listing of Securities Record-filings by Domestic Companies (Draft for Comments) (境內企業境外發行證券和上市備案管理辦法(徵求意見稿)) (collectively the "**Draft Regulations on Listing**") for public comments, which had a comment period that expired on January 23, 2022. Pursuant to the Draft Regulations on Listing, PRC domestic companies (including (i) any PRC company limited by shares, and (ii) any offshore company that conducts its business operations primarily in China and contemplates to offer or list its securities in an overseas market based on its onshore equities, assets or similar interests) that directly or indirectly offer or list their securities in an overseas market are required to file with the CSRC within three business days after submitting their listing application documents to the relevant regulator in the place of intended listing. There are uncertainties regarding the final form of the Draft Regulations on Listing as well as the interpretation and implementation thereof after promulgation. The Draft Regulations on Listing are not clear on the exact criteria of qualified issuers who must complete the CSRC filing procedures after submitting the application for an initial public offering overseas, and are not clear on whether qualified issuers which have submitted the application for initial public offering overseas but have not yet completed the whole listing process shall be subject to the said CSRC filing procedures, after the Draft Regulations on Listing become effective. If the Draft Regulations on Listing become effective in their current form before the [**REDACTED**] is completed, we may be required to go through the filing procedures with the CSRC with respect to the [**REDACTED**]. Nevertheless, we cannot accurately predict the impact of the Draft Regulations on the proposed [**REDACTED**], because the provisions and anticipated adoption or effective date are subject to changes.

As of the Latest Practicable Date, the Draft Regulations on Listing are still in their draft forms and have not come into effect, and we had not received any inquiry, notice, warning, or sanctions regarding the proposed [**REDACTED**] or our corporate structure from the CSRC or any other PRC government authorities with respect to the filing requirement under the new regulatory regime proposed in the Draft Regulations on Listing. However, we cannot guarantee that new rules or regulations promulgated in the future, including without limitation to the Draft Regulations on Listing, will not impose any additional requirements on us. If it is determined that we are subject to any CSRC approval, filing, other governmental authorization or requirements, we may fail to obtain such approval or meet such requirements in a timely manner or at all. Such failure may adversely affect our ability to finance the development of our business and may have a material adverse effect on our business and financial condition.

Our Controlling Shareholders have substantial influence over our Company and their interests may not be aligned with the interests of other Shareholders.

Immediately following the completion of the [**REDACTED**] and without taking into account any Shares that may be issued pursuant to the [**REDACTED**], our Controlling Shareholders will be entitled to exercise voting rights of [**REDACTED**]% of the total issued share capital of our Company. The interests of our Controlling Shareholders may differ from the interests of our other Shareholders. Our Controlling Shareholders could have significant influence in determining the outcome of any corporate transaction or other matters submitted to our Shareholders for approval. This concentration of ownership, as a result, may discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an

opportunity to receive a premium for their Shares in a sale of our Company or may reduce the market price of our Shares. In addition, to the extent the interests of our Controlling Shareholders conflict with the interest of our other Shareholders, the interests of our other Shareholders may be disadvantaged or harmed.

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

Sales of substantial amounts of Shares in the public market after the completion of the [**REDACTED**], or the perception that these sales could occur, could adversely affect the market price of our Shares. Although our Controlling Shareholders are subject to [**REDACTED**] of Shares within [**REDACTED**] from the [**REDACTED**] as described in "[**REDACTED**]" in this Document, future sales of a significant number of our Shares by our Controlling Shareholders in the public market after the [**REDACTED**], or the perception that these sales could occur, could cause the market price of our Shares to decline and could materially impair our future ability to raise capital through [**REDACTED**] of our Shares. We cannot assure you that our Controlling Shareholders will not dispose of Shares held by it or that we will not issue Shares pursuant to the general mandate to issue shares granted to our Directors as described in "Appendix IV — Statutory and General Information" or otherwise, upon the expiration of [**REDACTED**] set out above. We cannot predict the effect, if any, that any future sales of Shares by our Controlling Shareholders, or the availability of Shares for sale by our Controlling Shareholders, or the issuance of Shares by our Company may have on the market price of the Shares. Sale or issuance of a substantial amount of Shares by our Controlling Shareholders or us, or the market perception that such sale or issuance may occur, could materially and adversely affect the prevailing market price of the Shares.

Future financing may cause a dilution in your shareholding or place restrictions on our operations.

We may raise additional funds in the future to finance the expansion of our capacity, the enhancement of our research and development capabilities, the development of our operations, acquisitions or strategic partnerships. If additional funds are raised through the issuance of our new equity or equity-linked securities other than on a pro rata basis to existing Shareholders, the percentage ownership of such Shareholders in us may be reduced, and such new securities may confer rights and privileges that may take priority over those conferred by the Shares. Alternatively, if we meet such funding requirements by way of additional debt financing, we may have restrictions placed on us through such debt financing arrangements which may:

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

Potential investors will experience immediate and substantial dilution as a result of the [REDACTED].

Potential investors will pay a price per Share in the [**REDACTED**] that substantially exceeds the per Share value of our tangible assets after subtracting our total liabilities as of June 30, 2021. Therefore, purchasers of our Shares in the [**REDACTED**] will experience a substantial immediate dilution in pro forma net tangible assets, and our existing Shareholders will receive an increase in the pro forma adjusted net tangible assets per Share on their Shares. As a result, if we were to distribute our net tangible assets to the Shareholders immediately following the [**REDACTED**], potential investors would receive less than the amount they paid for their Shares. See "Appendix II — Unaudited Pro Forma Financial Information."

We cannot assure you that we will declare and distribute any amount of dividends in the future and dividends distributed in the past may not be indicative of our dividend policy in the future.

Our ability to declare future dividends will depend on the availability of dividends, if any, received from our operating subsidiaries. Under applicable laws and the constitutional documents of our operating subsidiaries, the payment of dividends may be subject to certain limitations. The calculation of certain of our operating subsidiaries' profit under applicable accounting standards differs in certain respects from the calculation under IFRSs. As a result, our operating subsidiaries may not be able to pay a dividend in a given year even if they have profit as determined under IFRSs. Accordingly, since we derive all of our earnings and cash flows from dividends paid by our operating subsidiaries, we may not have sufficient distributable profit to pay dividends to our Shareholders. In addition, any future dividend declaration and distribution will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors deem relevant. Any declaration and payment as well as the amount of dividends will also be subject to our Articles of Association and Cayman Islands laws, including, where required, the approvals from our Shareholders and/or our Directors. Our Shareholders at a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. Moreover, our Directors may from time to time pay such interim dividends as our Board considers to be justified by our profits and overall financial requirements, or special dividends of such amounts and on such dates as they think appropriate. In any event, no dividend may be declared or paid other than out of our profits or our share premium account, provided this would not result in our Company being unable to pay its debts as they fall due in the ordinary course of business. As a result, we cannot assure you that we will make any dividend payments on our Shares in the future.

We have discretion as to how we will use the [REDACTED] of the [REDACTED], and you may not necessarily agree with how we use them.

Our management may spend the [**REDACTED**] from the [**REDACTED**] in ways you may not agree with or that do not yield a favorable return. For details of our intended use of [**REDACTED**], see "Future Plans and Use of [**REDACTED**]." However, our management will have discretion as to the actual application of our [**REDACTED**]. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific uses we will make of the [**REDACTED**] from this [**REDACTED**].

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

Certain facts, statistics and data contained in this Document relating to China, Hong Kong, the ophthalmology medical device industry has been derived from various official government publications or other third-party reports we generally believe to be reliable. We have taken reasonable care in the reproduction or extraction of the official government publications or other third party reports for the purpose of disclosure in this Document and have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However, we cannot guarantee the quality or reliability of such source materials. They have not been prepared or independently verified by us, the Joint Sponsors, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**] or any of their respective affiliates or advisors and, therefore, we make no representation as to the accuracy of such statistics, which may not be consistent with other information compiled within or outside China and Hong Kong. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such statistics in this Document may be inaccurate or may not be comparable to statistics produced with respect to other economies. Furthermore, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. In all cases, you should give due consideration as to how much weight or importance they should attach to or place on such facts.

You should read the entire Document carefully, and we strongly caution you not to place any reliance on any information contained in press articles and/or other media regarding us, our business, our industry or the [REDACTED].

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