MicroPort
心通医疗

MicroPort CardioFlow Medtech Corporation
微创心通医疗科技有限公司
(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2160

GLOBAL OFFERING

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

J.P.Morgan citi CICC 中金公司

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

MICROPORT CARDIOFLOW MEDTECH CORPORATION
微创心通医疗科技有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	**:**	**205,620,000 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**20,562,000 Shares (subject to adjustment)**
Number of International Offer Shares	**:**	**185,058,000 Shares (including 10,281,000 Reserved Shares under the Preferential Offering) (subject to adjustment and the Over-allotment Option)**
Maximum Offer Price	**:**	**HK$12.20 per Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong Dollars and subject to refund)**
Nominal Value	**:**	**US$0.000005 per Share**
Stock Code	**:**	**2160**

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

J.P.Morgan citi CICC 中金公司

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

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

Our Company is incorporated in the Cayman Islands and substantially all of our businesses are located in the PRC. Potential investors should be aware of the differences in legal, economic and financial systems between the Cayman Islands, the PRC and Hong Kong and that there are different risk factors relating to the investment in our Company. Potential investors should also be aware that the regulatory frameworks in the Cayman Islands and the PRC are different from the regulatory framework in Hong Kong and should take into consideration the different market nature of our Shares. Such differences and risk factors are set out in the sections headed "Risk Factors" and "Regulatory Overview."

The Offer Price is expected to be fixed by agreement between the Joint Global Coordinators (on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, January 29, 2021 (Hong Kong time) and, in any event, not later than Monday, February 1, 2021 (Hong Kong time). The Offer Price will be not more than HK$12.20 per Offer Share and is currently expected to be not less than HK$11.10 per Offer Share. If, for any reason, the Offer Price is not agreed by Monday, February 1, 2021 (Hong Kong time) between the Joint Global Coordinators (on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK$12.20 for each Hong Kong Offer Share together with brokerage fee of 1.0%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price as finally determined is less than HK$12.20.

The Joint Global Coordinators (on behalf of the Underwriters), and with our consent, may, where considered appropriate, reduce the number of Hong Kong Offer Shares and/or the indicative Offer Price range below that is stated in this prospectus (which is HK$11.10 to HK$12.20) at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, notices of the reduction in the number of Hong Kong Offer Shares and/or the indicative Offer Price range will be published on the website of our Company at www.cardioflowmedtech.com and on the website of the Stock Exchange at www.hkexnews.hk as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Further details are set forth in "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this prospectus. If applications for Hong Kong Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offering, in the event that the number of Offer Shares and/or the indicative Offer Price range is so reduced, such applications can subsequently be withdrawn.

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

The Offer Shares have not been and will not be registered under the Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of U.S. persons, except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. The Offer Shares are being offered and sold (1) solely to QIBs as defined in Rule 144A pursuant to an exemption from registration under the Securities Act and (2) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act.

January 26, 2021

Despatch of **BLUE** Application Forms to Qualifying MicroPort Shareholders	Tuesday, January 26, 2021
Hong Kong Public Offering and Preferential Offering commence and **WHITE** and **YELLOW** Application Forms available from	9:00 a.m. on Tuesday, January 26, 2021
Latest time to complete electronic applications under **White Form eIPO** service through the designated website **www.eipo.com.hk**[2]	11:30 a.m. on Friday, January 29, 2021
Application lists of the Hong Kong Public Offering and the Preferential Offering open[3]	11:45 a.m. on Friday, January 29, 2021
Latest time to lodge **WHITE**, **YELLOW** and **BLUE** Application Forms	12:00 noon on Friday, January 29, 2021
Latest time to give **electronic application instructions** to HKSCC[4]	12:00 noon on Friday, January 29, 2021
Latest time to complete payment of **White Form eIPO** applications by effecting Internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Friday, January 29, 2021
Application lists of the Hong Kong Public Offering and the Preferential Offering close	12:00 noon on Friday, January 29, 2021
Expected Price Determination Date[5]	Friday, January 29, 2021

(1) Announcement of:

- Offer Price;
- an indication of the level of interest in the International Offering;
- the level of applications in the Hong Kong Public Offering and the Preferential Offering; and
- the basis of allocation of the Hong Kong Offer Shares and the Reserved Shares under the Hong Kong Public Offering and the Preferential Offering;

to be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.cardioflowmedtech.com**[6] on or before[7] — Wednesday, February 3, 2021

(2) Announcement of results of allocations in the Hong Kong Public Offering and the Preferential Offering (including successful applicants' identification document numbers, where appropriate) to be available through a variety of channels as described in the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares — E. Publication of Results" in this prospectus — Wednesday, February 3, 2021

(3) A full announcement of the Hong Kong Public Offering and the Preferential Offering containing (1) and (2) above to be published on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.cardioflowmedtech.com**[6] from — Wednesday, February 3, 2021

Results of allocations in the Hong Kong Public Offering and the Preferential Offering will be available at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function from	Wednesday, February 3, 2021
Despatch of Share certificates or deposit of the Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering and the Preferential Offering on or before[7]	Wednesday, February 3, 2021
Despatch of refund checks and **White** Form e-Refund payment instructions in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and the Preferential Offering on or before[8]	Wednesday, February 3, 2021
Dealings in Shares on the Stock Exchange expected to commence on	Thursday, February 4, 2021

Notes:

(1) All times and dates refer to Hong Kong local time and date, except as otherwise stated.

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

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

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares—A. Applications for Hong Kong Offer Shares—6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS" in this prospectus.

(5) The Price Determination Date is expected to be on or around Friday, January 29, 2021, and, in any event, not later than Monday, February 1, 2021, or such other date as agreed between parties. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (for itself and on behalf of the Underwriters) and our Company by Monday, February 1, 2021, or such other date as agreed between parties, the Global Offering will not proceed and will lapse.

(6) None of the website or any of the information contained on the website forms part of this prospectus.

(7) Share certificates are expected to be issued on Wednesday, February 3, 2021 but will only become valid at around 8:00 a.m. on Thursday, February 4, 2021 provided that the Global Offering has become unconditional in all respects and the right of termination described in the section headed "Underwriting—Underwriting Arrangements and Expenses—The Hong Kong Public Offering—Grounds for Termination" in this prospectus has not been exercised. Investors who trade Shares before the receipt of share certificates or before they become valid do so entirely of their own risk.

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

The above expected timetable is a summary only. You should read carefully the sections headed "Underwriting", "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this prospectus for details relating to the structure of the Global Offering, procedures on the applications for Hong Kong Offer Shares and Reserved Shares and the expected timetable, including conditions, effect of bad weather and the despatch of refund checks and Share certificates.

The **BLUE** Application Forms have been despatched to all Qualifying MicroPort Shareholders. In addition, Qualifying MicroPort Shareholders will receive a copy of this prospectus in the manner in which they have elected, or are deemed to have elected, to receive corporate communications under MicroPort's corporate communications policy.

If a Qualifying MicroPort Shareholder has elected to receive corporate communications from MicroPort in printed form under MicroPort's corporate communications policy or has not been asked to elect the means of receiving MicroPort's corporate communications, a printed copy of this prospectus in the elected language version(s) will be despatched to such Qualifying MicroPort Shareholder.

If a Qualifying MicroPort Shareholder has (a) elected to receive an electronic version of corporate communications or (b) is deemed to have consented to receiving the electronic version of corporate communications from MicroPort, an electronic version of this prospectus (which is identical to the printed prospectus) can be accessed and downloaded from the websites of our Company at **www.cardioflowmedtech.com** and the Stock Exchange at **www.hkexnews.hk** under the section headed "*HKEXnews* > *Listed Company Publications* > *Latest Listed Company Information*." A Qualifying MicroPort Shareholder who has elected to receive or is deemed to have consented to receiving the electronic version of this prospectus may at any time request for a printed copy of this prospectus, free of charge, by sending a request in writing to MicroPort c/o Computershare Hong Kong Investor Services Limited or by email to MicroPort at microport.ecom@computershare.com.hk. MicroPort will promptly, upon request, send by ordinary post a printed copy of this prospectus to such Qualifying MicroPort Shareholder, free of charge, although such Qualifying MicroPort Shareholder may not receive that printed copy of this prospectus before the close of the Hong Kong Public Offering and the Preferential Offering.

Qualifying MicroPort Shareholders may also obtain a printed copy of this prospectus, free of charge, during normal business hours from any of the designated branches of the receiving bank and the designated offices of each of the relevant Underwriters as set out in "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this prospectus.

Distribution of this prospectus and/or the **BLUE** Application Forms into any jurisdiction other than Hong Kong may be restricted by law. Persons into whose possession this prospectus and/or the **BLUE** Application Forms come (including, without limitation, agents, custodians, nominees and trustees) should inform themselves of, and observe, any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, this prospectus should not be distributed, forwarded or transmitted in, into or from the Specified Territory with or without the **BLUE** Application Forms, except to Qualifying MicroPort Shareholders as specified in this prospectus.

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IMPORTANT NOTICE TO INVESTORS

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

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

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This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in the Offer Shares. We are a biotechnology company seeking a listing under Chapter 18A of the Listing Rules on the basis that we are unable to meet the requirements under Listing Rule 8.05 (1), (2) or (3). The Listing will constitute a spin-off from MicroPort and Shanghai MicroPort will be the largest shareholder of our Company upon Listing. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a medical device company in China focusing on the research, development and commercialization of innovative transcatheter and surgical solutions for valvular heart diseases. Our mission is to improve the lives of valvular heart disease patients by providing optimal and affordable medical solutions through continuous innovation.

Our self-developed first-generation transcatheter aortic valve implantation ("**TAVI**") product, VitaFlow™, was approved by the NMPA in July 2019 and subsequently commercialized in China in August 2019. As of the Latest Practicable Date, there were five approved or commercialized TAVI products in China, among which, VitaFlow™ is the first one utilizing bovine pericardium as valve tissue, according to Frost & Sullivan. Generally, bovine materials provide better durability and hemodynamic performance as compared to porcine materials. VitaFlow™ also innovatively features a first-in-China double-layer polyethylene terephthalate ("**PET**") skirt and the only marketed motorized delivery system worldwide, according to Frost & Sullivan. These unique designs have enabled VitaFlow™ to achieve positive clinical trial results[(1)] among TAVI products in China, including a low all-cause mortality rate and low incidences of postoperative complications. For details, see "Industry Overview—Competitive Landscape—TAVI Market." We also launched our first generation in-house developed Alwide™ balloon catheter and Alpass™ catheter sheath as part of the VitaFlow™ offering, making us the only medical device company in China that has a comprehensive offering of in-house developed complementary TAVI procedural accessories, according to Frost & Sullivan. Our second-generation TAVI product, VitaFlow™ II, has completed the Registration Clinical Trial in China and is also under clinical trial in Europe. We submitted the registration application for VitaFlow™ II to the NMPA in October 2020. The application was accepted by the NMPA in November 2020 and is currently under review. We currently expect that we will complete the registration of VitaFlow™ II in China by the end of 2021. In addition, we plan to apply for the CE Mark of VitaFlow™ II by the end of 2021. According to Frost & Sullivan, as of the Latest Practicable Date, VitaFlow™ II was the only TAVI product developed in China that had commenced a clinical trial in Europe. In addition to our TAVI products, we currently have five transcatheter mitral valve ("**TMV**") pipeline products strategically targeting all

(1) VitaFlow™ has achieved positive clinical trial results with respect to all-cause mortality rate and postoperative complications including moderate/severe paravalvular leakage ("**PVL**"), major stroke and vascular complication, which according to Frost & Sullivan, are major clinical trial endpoints to demonstrate the safety and efficacy of TAVI products. For details, see "Industry Overview—Competitive Landscape—TAVI Market."

mainstream viable transcatheter valve therapy[2] ("TVT") options for mitral regurgitation through in-house development and collaboration with our global partners, namely 4C Medical and ValCare, each being a medical device company focusing on the R&D of mitral and tricuspid valve medical devices, enabling us to penetrate the vast but underserved TMV market.

We are deeply rooted in the vast, rapid-growing and substantially underpenetrated heart valve medical device market. According to Frost & Sullivan, in 2019, approximately 213.2 million patients worldwide suffered from valvular heart disease, which led to 2.6 million deaths. In recent years, transcatheter valve therapy has gradually replaced open-chest surgeries as another clinical option for patients suffering from valvular heart diseases, which includes TAVI, TMV repair/replacement and TTV repair. Our product portfolio strategically focuses on addressing the most prevalent aortic valve and mitral valve diseases, including aortic stenosis and mitral regurgitation.

- *Aortic stenosis.* According to Frost & Sullivan, patients suffering from aortic stenosis globally is expected to grow at a CAGR of 14.3% from 19.7 million in 2019 to 22.1 million in 2025. As a result, the global TAVI market size is expected to increase at a CAGR of 12.9% from US$4.8 billion (or RMB32.3 billion) in 2019 to US$10.0 billion (or RMB67.3 billion) in 2025. Compared to the TAVI market in developed countries, such as the United States, China's TAVI market is significantly under-penetrated. In 2019, there were approximately 2,400 TAVI procedures performed in China with a penetration rate of 0.3%, as compared to approximately 66,800 TAVI procedures performed and a penetration rate of 23.4% in the U.S. It is expected that in 2025 there will be approximately 42,000 TAVI procedures performed in China, representing a CAGR of 60.7% for the next five years and a penetration rate of 4.5% in 2025. It is expected that China's TAVI market will grow from RMB392.0 million in 2019 to RMB5,055.7 million in 2025 at a CAGR of 53.1%.

- *Mitral regurgitation.* In 2019, there were 96.7 million patients worldwide and 10.6 million patients in China suffering from mitral regurgitation. Due to the complexity of TMV therapy, global TMV market is still in a relatively early stage with only six approved TMV repair products and one approved TMV replacement product globally. Most of the existing TMV technologies have certain clinical limitations, such as causing obstructions on the left ventricular outflow tract ("**LVOT**"), impairing function on the left ventricle and leading to device embolization. As a result, we believe the TMV products that can address these clinical limitations will benefit the most from the vast but unmet medical demands in this area. According to Frost & Sullivan, driven by the increasing market demands of TMV repair/replacement products and emerging innovative TMV technologies, global TMV market is expected to reach US$17.4 billion (or RMB117.0 billion) by 2030 and will eventually grow to three or four times of the global TAVI market.

We have developed a medical device platform focusing on valvular heart disease. The platform covers our four key business functions, namely R&D, clinical trial, manufacturing and commercialization. Leveraging this platform, all the key business functions are integrated to enable

[2] Transcatheter valve therapy refers to treatments of valvular heart diseases (such as aortic valve disease, mitral valve disease and tricuspid valve disease) through transcatheter approach, which includes TAVI, TMV repair/replacement and transcatheter tricuspid valve ("**TTV**") repair.

smooth collaboration during the whole life-cycle of a product candidate to speed up the product development process in a cost-effective manner. The platform lays a solid foundation and builds the strategic moat for our research, development and commercialization competitiveness. Driven by strong innovation capabilities and supported by stringent quality controls, our platform primarily focuses on (i) technological innovation, product design and biological material processing technique; (ii) efficient design and execution of clinical trials; and (iii) manufacturing efficiency. This platform has enabled us to continuously expand our product portfolio to tackle valvular heart diseases with innovative treatment methods. We have also established a quality control system in accordance with GMP standards required by the NMPA and ISO13485:2016.

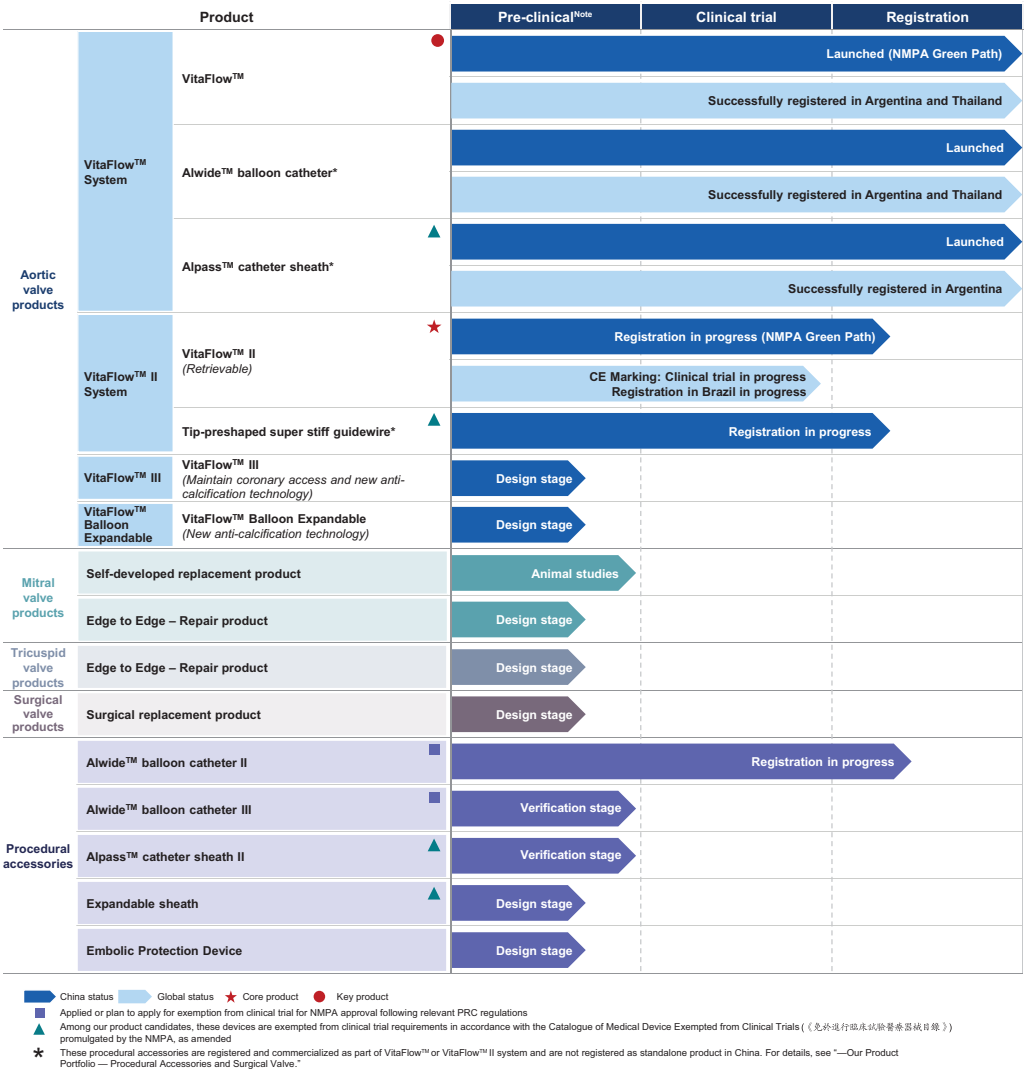
We have a proven track record of product commercialization. As of July 31, 2020, we had sold 872 units[(1)] of VitaFlow™—an average of over 70 units per month in the first year of its commercialization. As of the Latest Practicable Date, TAVI procedures using VitaFlow™ had been performed at over 145 hospitals in China, most of which are Class IIIA Hospitals located at tier-one and tier-two cities, including 18 of the Top 20 TAVI Hospitals. We have established a dedicated in-house sales and marketing team with professional medical background, primarily focusing on academic promotions. Supported by the positive clinical trial results of VitaFlow™ with respect to all-cause mortality rate and postoperative complications including moderate/severe PVL, major stroke and vascular complications, the patient-oriented pricing strategy, collaborations with KOLs and hospitals, our enabling distributor network and the brand recognition of "MicroPort" in the cardiology field, we believe we are well-positioned to benefit from the rapid growth of China's TAVI market and to further gain market share.

Complemented by our proven commercialization capabilities, medical device platform focusing on valvular heart disease and experienced management team with continuous support from Shareholders, we have successfully developed and launched a TAVI product with positive clinical trial results with respect to all-cause mortality rate and postoperative complications including moderate/severe PVL, major stroke and vascular complications in China and we are also developing our second-generation TAVI product, which is at near-commercialization stage. We are also dedicated to serving the vast but underserved TMV market, strategically targeting all mainstream viable TVT options for mitral regurgitation through in-house development and collaboration with our global partners, namely 4C Medical and ValCare, each being a medical device company focusing on the R&D of mitral and tricuspid valve medical devices. We believe these competitive strengths are difficult to replicate and we are well-positioned to capture the tremendous growth potential of the valvular heart disease market. At the same time, we plan to continue to strengthen our presence in China's TAVI market, advance our international strategy, rapidly advance our TMV pipeline and other product candidates and improve operational efficiency and achieve economies of scale to support long-term growth.

(1) The number of units sold presented in this prospectus refers to the number of VitaFlow™ systems sold, which also includes certain procedure accessories, namely first-generation Alwide™ balloon catheter and Alpass™ catheter sheath, as part of its offering.

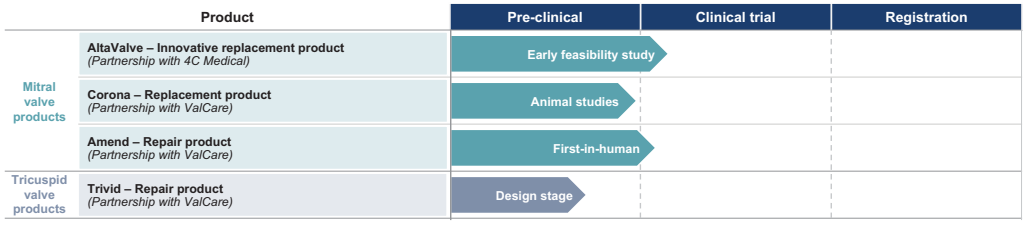
OUR PRODUCT PORTFOLIO

The following chart summarizes our in-house developed product portfolio as of the Latest Practicable Date.



Note: Design stage refers to the designing and developing of the sample product. Verification stage refers to performing verification testing on the sample product to finetune its design.

The following chart summarizes the product portfolio that are developed by our business partners and for which we owned the exclusive commercial rights in China. With respect to these products, our business partners are primarily responsible for R&D and manufacturing of the products and we are responsible for product registrations and commercialization in China.



The pre-clinical animals studies, first-in-human clinical trial and early feasibility study are designed to obtain preliminary safety and efficacy data and to prepare for next stage development. For details, see "Business—Our Product Portforlio."

VitaFlow™

Our first-generation TAVI product, VitaFlow™, was approved for commercialization for the treatment of severe aortic stenosis by the NMPA under the Green Path for Innovative Medical Device scheme in China in July 2019. Subsequently, VitaFlow™ was commercialized in China in August 2019. As of July 31, 2020, we had sold 872 units of VitaFlow™ in China.

VitaFlow™ primarily consists of a prosthetic aortic valve ("**PAV**"), a motorized delivery system and certain procedural accessories. The PAV is a self-expanding bio-prosthesis valve that is manufactured by suturing bovine pericardial valve leaflets and double-layer PET skirt onto a self-expanding nitinol frame. The motorized delivery system consists of a catheter and a motorized handle. The procedural accessories comprise our first-generation Alwide™ balloon catheter and our first-generation Alpass™ catheter sheath, which are designed to help physicians overcome the challenges in performing TAVI procedures.

We conducted a prospective, multi-center and single-arm pivotal clinical trial in China with VitaFlow™, which enrolled 110 patients with an average STS Score of 8.8. Compared with other TAVI products currently commercialized in China, VitaFlow™ achieved positive clinical trial results with respect to all-cause mortality rate and postoperative complications including moderate/severe PVL, major stroke and vascular complications. The all-cause mortality rate was 0.9% at discharge, 0.9% at 30 days, 2.7% at six months, 2.7% at 12 months, 4.5% at 24 months and 10.9% at 36 months post-implantation. None of the patients experienced moderate or severe PVL during the 12 months following the TAVI procedure. None of the patients experienced a major stroke during the 24 months following the TAVI procedure and only two patients experienced a major stroke during the 36 months following the TAVI procedure. During the 36 months following the TAVI procedure, only 2.7% of the patients experienced major vascular complications. For details, see "Industry Overview—Competitive Landscape—TAVI Market."

We generally adopt a patient-oriented pricing and commercialization strategy which we believe can achieve the balance between patients' affordability and market demands**.** We have conducted extensive market research with KOLs, hospitals, physicians and patients as well as regulatory bodies before product pricing and have taken into account various factors in product pricing, such as feedbacks collected from these parties, possibility of inclusion in the medical insurance reimbursement list in China as well as prices of our competitors. Considering patients' affordability in China and in order to gain a higher market share in China's TAVI market and to better position our products for future admission into the medical insurance reimbursement list, the price of VitaFlow™ is significantly lower than our competitors in China, despite VitaFlow™ having achieved positive clinical trial results with respect to all-cause mortality rate and post-operative complications. VitaFlow™ is priced at approximately RMB196,000 per unit under the public wholesale tender scheme in China as of the Latest Practicable Date. With its competitive price, we believe VitaFlow™ has the potential to become one of the first TAVI products to be admitted into the medical insurance reimbursement list in China. For risks associated with our pricing strategy, see "Risk Factors—Risks Relating to Commercialization and Distribution of our Products—Our pricing strategy and downward

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

VitaFlow™ II

VitaFlow™ II is our second-generation TAVI product. Similar to VitaFlow™, VitaFlow™ II consists of a PAV, a motorized retrievable delivery system and certain procedural accessory. The PAV adopts the same design with VitaFlow™. The key upgrade lies in the delivery system, where the capsule of VitaFlow™ II includes a distal flare (a flared tip located at the distal part of the delivery system), enabling the physician to retrieve the PAV if it is not placed accurately at the designated position provided the deployment does not exceed 75% of the maximal deployment range. The retrievable function will help increase the accuracy of positioning the PAV, which will further improve the overall success rate of the TAVI procedure.

VitaFlow™ II had achieved positive clinical trial results during the Registration Clinical Trial with respect to its safety and efficacy. During the 30-day follow-up period, none of the patients experienced a disabling stroke. We had also observed a significant improvement in patients' cardiac functions, measured by the NYHA Classification. Prior to the TAVI implantation, none of the patients were classified as Class I and only 18.3% of the patients were classified as Class II under the NYHA Classification, which significantly improved to 19.3% and 68.4% at 30-day follow-up evaluation, respectively. Although there were three mortality cases observed, as reviewed and adjudicated by the clinical endpoints committee, none of the mortality cases were related to the function of VitaFlow™ II. In October 2020, we submitted the registration application for VitaFlow™ II to the NMPA, which was supported by the Registration Clinical Trial results. The registration application was accepted by the NMPA in November 2020 and is currently under review. We currently expect that we will complete the registration of VitaFlow™ II in China by the end of 2021. We will adopt similar pricing and commercialization strategy for VitaFlow™ II after it is commercially launched.

In addition, we are also conducting a pivotal clinical trial for VitaFlow™ II in Europe. According to Frost & Sullivan, as of the Latest Practicable Date, VitaFlow™ II was the only TAVI product developed in China that had commenced clinical trials in Europe. We plan to submit the application for CE Mark registration in 2021.

COMPETITIVE LANDSCAPE

China

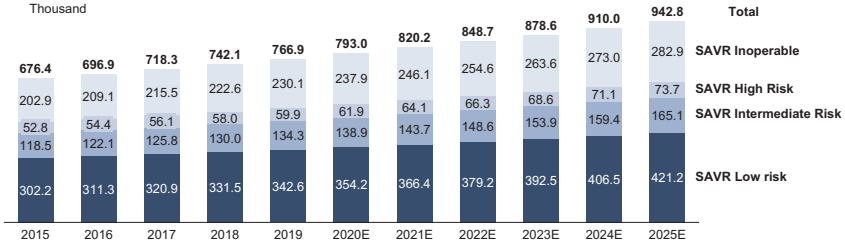
Addressable Market

As of the Latest Practicable date, TAVI is only approved for patients suffering severe aortic stenosis who are not suitable for surgeries or have high surgical risks in China. In 2019, there were approximately 290,000 patients that fall within the current addressable patient group, which is expected to increase to approximately 356,600 in 2025. Further, as FDA has expanded the indications of TAVI to also include severe aortic stenosis patients with low to intermediate surgical risks, according to Frost & Sullivan, China is expected to follow this trend. As a result, all of these patients (including the current addressable patient group as well as severe aortic stenosis patients with low to intermediate surgical risks) are considered eligible patients in China. In 2019, there were 766,900 eligible patients for TAVI procedures in China, which is expected to grow to 942,800 in 2025.

Accordingly, the current addressable patient group only represent a small portion of the total eligible patients for TAVI procedures. The following chart sets forth the historical and forecasted number of total eligible patients for TAVI procedures in China.

China Total Eligible Patients for TAVI Procedures, 2015-2025E

Period	CAGR
2015-2019	3.2%
2019-2025E	3.5%



Source: Frost & Sullivan Report

Number of Procedures

In 2019, only approximately 2,400 TAVI procedures were performed in China, representing 0.3% of the eligible patients in China in the same year. With the growing acceptance of TAVI procedures, an increasing number of eligible hospitals and the expected indication expansion of patients with intermediate- and low- surgical risks, it is expected that approximately 42,000 TAVI procedures will be performed in 2025, representing 4.5% of the eligible patients in China in the same year.

Competitive Landscape

As of the Latest Practicable Date, VitaFlow™ was one of the four domestically-developed TAVI products that had been approved for commercialization in China. In addition to VitaFlow™, VenusA-Valve and VenusA-Plus of Venus Medtech, J-Valve of Suzhou Jiecheng and SAPIEN 3 of Edwards Lifesciences had also been approved for commercialization in China. As of the same date, VitaFlow™ II was one of the three upgraded products under or beyond clinical trial stage in China. The following chart summarizes major TAVI products reaching clinical trial or commercialization stage in China.

Company	Product	Stage	Approval time[1]	Vascular Approach[2]	Expanding Mechanism[3]	Leaflet Material[4]	Profile	Retrievability	Outer Sealing Skirt	Motorized Handle	Price[5] RMB
MicroPort	VitaFlow™	Commercialized	2019.7	TF	SE	BP	16F,18F	×	√	√	196,000
	VitaFlow™ II	Registration in progress	NA	TF	SE	BP	NA	√	√	√	NA
启明医疗	VenusA-Valve	Commercialized	2017.4	TF	SE	PP	16F,18F 19F,20F	×	×	×	248,000
	VenusA-Plus	Approved	2020.11	TF	SE	PP	NA	√	×	×	NA[6]
苏州杰成医疗	J-Valve	Commercialized	2017.4	TA	SE	PP	NA	×	×	×	260,000
Edwards	SAPIEN 3	Commercialized	2020.6	TF	BE	BP	14F,16F	×	√	×	Approximately 380,000
PEIJIA	TaurusOne	Registration in progress	NA	TF	SE	BP	18F	×	√	×	NA
	TaurusElite	Clinical trial	NA	TF	SE	BP	NA	√	√	×	NA

Notes:

1. The actual approval time is based on the NMPA announcements.
2. TF refers to transfemoral approach. TA refers to transapical approach.
3. SE refers to self-expanding mechanism. BE refers to balloon-expandable mechanism.
4. BP refers to bovine pericardium. PP refers to porcine pericardium.
5. The prices of VenusA-Valve, J-Valve and VitaFlow™ set forth herein are provided by Frost & Sullivan, based on the public wholesale tender prices of the relevant products in China as of the Latest Practicable Date. The prices of such products may be subject to changes, over which we do not have control. The price of SAPIEN 3 is mainly based on its global pricing and public information.
6. As VenusA-Plus has recently been approved by the NMPA in November 2020, as of the Latest Practicable Date the price of VenusA-Plus was not publicly available.

As of the Latest Practicable Date, reimbursements for TAVI procedures in China varied among provinces and even hospitals in the same province depending on whether TAVI procedures can be categorized as heart valve replacement procedure. In certain provinces or cities, TAVI procedures are categorized as heart valve replacement procedures, thus have been partially accredited into the local reimbursement drug scheme. As of the Latest Practicable Date, none of the products listed above had been admitted into the medical insurance reimbursement list in China.

According to Frost & Sullivan, China's TAVI market is significantly under-penetrated as compared to TAVI market in developed countries. It is expected China's TAVI market will experience rapid growth, increasing from RMB392.0 million in 2019 to RMB5,055.7 million in 2025 at a CAGR of 53.1%. With our comprehensive offering of in-house developed TAVI products and complementary TAVI procedural accessories, we believe we are well-positioned to gain market share in China's TAVI market and to further benefit in the significantly under-penetrated market. For details, see "Industry Overview" and "Business."

Overseas Market

As of the Latest Practicable Date, there were over ten TAVI products that obtained CE Mark. Currently, commercialized TAVI products in Europe are mainly manufactured by international medical device companies, such as Edwards Lifesciences, Medtronic, Boston Scientific and Abbott. According to Frost & Sullivan, VitaFlow™ II was the only product with a motorized delivery system - and the only TAVI product developed in China among all the TAVI products under clinical trial or commercialization in Europe as of the Latest Practicable Date. As of the Latest Practicable Date, TAVI procedures were reimbursable in certain countries in Europe. The following table illustrated major TAVI products under clinical trial or commercialization in Europe as of the Latest Practicable Date.

	Edwards Lifesciences				Medtronic			Boston Scientific	Abbott	bluesail	BIOTRONIK	MicroPort	
Product	**SAPIEN**	**SAPIEN XT**	**SAPIEN 3**	**SAPIEN 3 Ultra**	**Core Valve**	**Evolut R**	**Evolut Pro**	**Lotus Edge**	**ACURATE neo**	**Portico**	**Allegra**	**Biovalve**	**VitaFlow™ II**
													
Stage	**Commercialized**											Clinical Trial	Clinical Trial
Approval Time (CE Mark)	2007	2010	2014	2018	2011	2014	2017	2016	2014	2012	2017	-	-
Expanding Mechanism[1]	BE	BE	BE	BE	SE	SE	SE	ME	SE	SE	SE	SE	SE
Leaflet Material[2]	BP	BP	BP	BP	PP	PP	PP	BP	PP	BP	BP	PP	BP
Vascular Approach[3]	TF/TA	TF/TA	TF/TA	TF	TF	TF	TF	TF	TF/TA	TF	TF	TF	TF
Retrievability	-	-	-	-	-	+	+	+	-	+	+	-	+
Motorized Handle	-	-	-	-	-	-	-	-	-	-	-	-	+

Notes:

1. BE refers to balloon-expandable mechanism. SE refers to self-expanding mechanism. ME refers to mechanically-expanding mechanism.
2. BP refers to bovine pericardium. PP refers to porcine pericardium.
3. TF refers to transfemoral approach. TA refers to transapical approach.

In 2019, over 80.0% of the global TAVI procedures were completed in developed countries, including the United States and Japan, with nearly one eligible patient in every five on average having received TAVI treatment in the same year. In contrast, the penetration rate in China was only 0.3% in 2019. It is expected that China will experience the highest growth rate with respect to the number of TAVI procedures in the future, with a CAGR of 60.7% from 2019 to 2025. In addition, other developing countries excluding China are also expected to experience rapid growth with respect to the number of TAVI procedures in the future, increasing at a CAGR of 22.5% from 2019 to 2025.

For details, see "Business – Our Product Portfolio" and "Industry Overview."

COMPETITIVE STRENGTHS

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

- medical device company in China focusing on transcatheter valve therapy technology, offering innovative TAVI solution;
- next-generation TAVI solutions under development, with a clear roadmap to penetrate international markets;
- strategically targeting the most prevalent mitral valve disease;
- proven commercialization capability with rapid penetration into hospitals in China, supported by collaboration with KOLs;
- medical device platform to provide innovative treatment solutions; and
- experienced management team with international expertise and commitment to valvular heart diseases and strong shareholder support with trusted brand name of "MicroPort."

BUSINESS STRATEGIES

We intend to capitalize on our strengths to pursue a business strategy in the following aspects:

- continue to strengthen our presence in China's TAVI market;
- continue to advance our international strategy;
- rapidly advance our TMV pipeline and other product candidates; and
- improve operational efficiency and achieve economies of scale to support our long-term growth.

RESEARCH AND DEVELOPMENT

R&D is crucial to our growth. We have built a core R&D team with key technology expertise in areas including, among others, biological material, suturing technique, structure design and processing technique. Our R&D team is divided into three R&D groups, namely the frame group, the valve group and the delivery system group. Each group focuses on the research and development of new technology and materials related to that group that has the potential to be applied to our product portfolio. For the design and development of a pipeline product, we established a project team which consists of members from each R&D group. The project team will hold regular meetings to discuss R&D progress in each group, the latest market trends as well as detailed analysis of similar products manufactured by our competitors. We believe this working mechanism enables each R&D group to closely follow and meet our in-house R&D needs as well as the market trends while separately focus on the R&D of their respective fields. Through this working mechanism, we have been able to develop innovative designs for each of the valve tissue, PET skirt, frame and handle in VitaFlow™. We also have an international scientific advisory board, consisting of global leading scientists and physicians in the cardiovascular field, namely Dr. Nicolo Piazza, Dr. Thomas Modine and Dr. Darren Mylotte, who share their abundant experiences with and insights on the latest technology breakthroughs and latest trends in the treatment of valvular heart diseases worldwide.

In line with industry practice, during the Track Record Period, we engaged industry leading CROs and SMOs, to provide certain supporting duties for the clinical trials for our TAVI products in China and overseas. These services include preparation of ethical committee applications, assistance in revision of the study protocol and design, management and monitoring of the implementation of clinical trials, collection and record-keeping of patients' information, preparation of progress report as well as scheduling patients' follow-up evaluations, among others. For details, see "Business—Our Platform—Clinical Trial."

As of the Latest Practicable Date, we owned 98 patents in China, including 23 invention patents, 68 utility models and seven industry designs. As of the same date, we also had 82 pending patent applications in China, including 72 invention patents and 10 utility models. To facilitate our strategy to enter overseas market, we also owned 55 patents in UK, Italy, Germany, France, Spain, America, Korea, Australia and Brazil, among others. All of the patents that we owned or applied for are related to technologies in relation to our product or product candidates and are self-developed by our in-house R&D team. In particular, as of the same date, we owned eight patents and three patent applications in relation to our Core Product, VitaFlow™ II and our first commercialized TAVI product, VitaFlow™. In addition, as of the Latest Practicable Date, the European Patent Office had received an opposition filed by a third party with respect to one of our patent relating to our TAVI products. Please see "Business—Intellectual Property" for details.

MANUFACTURING

We commenced commercial manufacturing of VitaFlow™ shortly after we received the NMPA marketing approval in July 2019. As of the Latest Practicable Date, we had two manufacturing facilities in Shanghai in compliance with the GMP standard, namely the Nanhui Facility and the Zhangjiang Facility, with a total GFA of approximately 3,863.8 square meters. We lease the Nanhui Facility from an Independent Third Party and the Zhangjiang Facility from MicroPort Group. As of the Latest Practicable Date, Zhangjiang Facility was primarily used for research and development of our pipeline products and Nanhui Facility was primarily used for commercial production of VitaFlow™. We have engaged a third party to construct a new manufacturing facility in Shanghai with a total GFA of approximately 13,000 square meters. We expect that the new manufacturing facility will commence production in 2022, which will significantly enhance our production capacity.

SALES AND CUSTOMERS

We started to sell VitaFlow™ in August 2019, following obtaining the NMPA marketing approval. As of July 31, 2020, we had sold 872 units of VitaFlow™ in China. In line with the industry norm, we adopt a distributorship model and we do not sell our products directly to hospitals. During the Track Record Period and up to the Latest Practicable Date, all of our marketed products were sold through distributors. As of the July 31, 2020, we had 19 distributors. By operating a distributor network, we are able to expand hospital coverage and promote our products to a larger hospital group in a cost-effective manner, while we focus on research and development activities. We also adopt robust measures and selection criteria to manage the anti-bribery and anti-corruption risks involved with our distributors. For details, see "Business—Customers—Selection of Distributors" and "Business—Risk Management and Internal Control."

We generally sell our products at ex-factory prices to our distributors in China. We take into account a number of factors in determining our ex-factory prices, which primarily include our costs

and expenses, historical procurement amount from the distributor and hospital coverage of the distributor. Currently there is generally no special tender or bidding process or price guidance set on TAVI procedures and related products for enterprises by the PRC government and our sales efforts primarily focus on obtaining provincial settlement code at each provinces in China, which will enable us to sell our products at hospitals in such provinces. As of the Latest Practicable Date, TAVI procedures using VitaFlow™ had been performed at over 145 hospitals.

In addition, with respect to our overseas strategies, we plan to engage local agents or distributors to assist us to access local markets. We normally select local distributors or agents based on their relevant experiences in the territory, especially whether they have access to eligible hospitals for TAVI procedures. As of the Latest Practicable Date, we had engaged a local distributor in Argentina and we plan to commence sales to this Argentine distributor in 2021. Pursuant to the distribution agreement we entered into with this local distributor, the local distributor is engaged as our exclusive distributor for VitaFlow™ in Argentina. The local distributor is obliged not to distribute any product similar or equivalent to VitaFlow™. The agreement also sets out a fixed purchase price and the minimum purchase amount for the distributor. Under the distribution agreement, we will be responsible for product manufacturing and product delivery to Argentina. The local distributor is obliged to, at its own expense and consistent with our sales policies, conduct marketing activities in Argentina, including keeping regular contact with local hospitals. The local distributor shall also submit quarterly market research information to us, which will set out the competition landscape and latest market trends in Argentina. The distribution agreement has a term of three years. Our sales and marketing team will provide training to the Argentine distributors and may also provide trainings to hospitals in Argentina if necessary. We plan to engage one local distributor for each overseas jurisdiction we plan to enter on similar commercial terms with the one in Argentina if these terms are achievable.

The following table sets forth the components of our revenue, sales volume and average selling price for the periods indicated.

	For the year ended December 31,		For the seven months ended July 31,	
	2018	2019	2019	2020
	(RMB in thousands)			
VitaFlow™				
Revenue	—	21,502	—	48,440
Sales volume (units)	—	271	—	601
Average selling price (per unit)	—	79.3	—	80.6

During the Track Record Period, all of our revenue was derived from the sale of our VitaFlow™, which was commercialized in China in August 2019. In 2018, 2019 and the seven months ended July 31, 2020, the aggregate sales to our five largest customers were nil, RMB14.9 million and RMB28.2 million, representing nil, 69.4% and 58.2% of our total revenue, respectively. Sales to the largest customer in 2018, 2019 and the seven months ended July 31, 2020 were nil, RMB5.8 million and RMB10.6 million, representing nil, 27.1% and 21.8% of our total revenue, respectively. All of our five largest customers during the Track Record Period were our distributors, who are Independent Third Parties.

OUR SUPPLIERS

During the Track Record Period, our major suppliers primarily consisted of suppliers of raw materials for the manufacturing of VitaFlow™ and our R&D activities, machines and equipment. In 2018, 2019 and the seven months ended July 31, 2020, purchases from our five largest suppliers amounted to RMB45.6 million, RMB63.7 million and RMB37.9 million, accounting for 51.8%, 42.1% and 47.9% of our total purchases, respectively, and purchases from our largest supplier amounted to RMB24.8 million, RMB23.9 million and RMB13.8 million, accounting for 28.2%, 15.8% and 17.5% of our total purchases for the same period, respectively. Except for the MicroPort Group, all of our five largest suppliers during the Track Record Period are Independent Third Parties.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, MicroPort, through its wholly-owned subsidiary Shanghai MicroPort, was indirectly interested in approximately 49.92% of the total issued share capital of our Company. Immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon the exercise of share options under the Share Option Scheme), (i) MicroPort will have an indirect interest, through Shanghai MicroPort, in approximately 45.59% of the total issued share capital of our Company; (ii) our Company will remain as an indirectly non-wholly owned subsidiary of MicroPort; and (iii) Shanghai MicroPort and MicroPort will continue to be the Controlling Shareholders of our Company. There is a clear delineation between the business of the Retained MicroPort Group and our business. We focus on the R&D, manufacturing and commercialization of transcatheter and surgical solutions for valvular heart diseases. The business of the Retained MicroPort Group focuses on different types of medical devices that are of a different nature and have different applications from that of our business. Although the Retained MicroPort Group also engages in businesses that focus on the treatment of heart related diseases, the products and services of such businesses of the Retained MicroPort Group and the business of our Group are designed to treat different types of heart related diseases and are different in nature in terms of the technical requirements, treatment of diseases and applications. They are not interchangeable nor can they be replaced by each other. None of the products or R&D focus areas of the Retained MicroPort Group is related to valvular heart diseases. For details, see "Relationship with Our Controlling Shareholders" of this prospectus.

Our Group has entered into and will continue to engage in certain transactions with the Retained MicroPort Group, which will constitute continuing connected transactions upon Listing. For details, see "Connected Transactions" of this prospectus.

THE SPIN-OFF

The Listing constitutes a spin-off of our Company by MicroPort under Practice Note 15 of the Listing Rules (the "**Practice Note 15**"). The proposal in relation to the Spin-off was submitted by MicroPort to the Stock Exchange for approval pursuant to Practice Note 15 of the Listing Rules, and the Stock Exchange has confirmed that MicroPort may proceed with the Spin-off.

MicroPort considers that the spin-off and separate listing of our Group will be commercially beneficial to MicroPort, our Company and our Shareholders as a whole. For details, please see "History, Development and Corporate Structure—Spin-off of Our Group from MicroPort."

PRE-IPO INVESTMENTS

Since the establishment of our Company, we have had several rounds of Pre-IPO Investments. For further details regarding the key terms of these Pre-IPO Investments, see "History, Development and Corporate Structure—The Pre-IPO Investments." Our broad and diverse base of Pre-IPO Investors includes Sophisticated Investors, such as dedicated healthcare funds and biotech funds as well as established funds with a focus on investments in the healthcare sector. For further details of the identity and background of the Pre-IPO Investors, see "History, Development and Corporate Structure—The Pre-IPO Investments—Background Information about the Pre-IPO Investors." Each existing Shareholder, including our Pre-IPO Investors, agrees and undertakes to our Company that, subject to the terms and conditions set out in the Shareholders Agreement, without the prior written consent of our Company, it will not, whether directly or indirectly, at any time during the period of six (6) months commencing from the Listing Date, directly or indirectly dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any Shares of our Company. As a result, a listing on the Hong Kong Stock Exchange does not guarantee that an active and liquid trading market for our Shares will develop, especially during the period when a significant portion of our Shares are subject to lock-up undertakings, or if it does develop, that it will be sustained following the Global Offering, or that the market price of the Shares will rise following the Global Offering. For details, see "Risk Factors—Risks Relating to Global Offering—No public market currently exists for our Shares, and an active trading market for our Shares may not develop and the market price for our Shares may decline or became volatile, especially taking into account that all of our existing Shareholders have entered into a lock-up undertaking for six months after Listing."

SHARE OPTION SCHEME

In recognition of the contributions of persons who have contributed or will contribute to the development of our Group and to incentivize them to further promote our development, our Company adopted the Share Option Scheme on March 13, 2020. For details and principal terms of the Share Option Scheme, see "Appendix IV—Statutory and General Information—D. Share Option Scheme" to this prospectus.

SUMMARY OF KEY FINANCIAL INFORMATION

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

Summary of Consolidated Statements of Profit or Loss

The following table sets forth a summary of our consolidated statements of profit or loss for the periods indicated:

	For the year ended December 31,		For the seven months ended July 31,	
	2018	2019	2019	2020
	(RMB in thousands)		(unaudited)	
Revenue	–	21,502	–	48,440
Cost of sales	–	(15,200)	–	(27,455)
Gross profit	–	6,302	–	20,985
Other net income/(loss)	972	5,064	434	(1,518)
Research and development costs	(44,746)	(96,701)	(51,724)	(38,185)
Distribution costs	(9,381)	(26,105)	(12,610)	(23,088)
Administrative expenses	(6,097)	(10,853)	(6,302)	(34,577)
Fair value changes in financial instruments	–	(8,649)	(11,264)	(28,107)
Other operating costs	(12)	(1,057)	–	(17,657)
Loss from operations	(59,264)	(131,999)	(81,466)	(122,147)
Finance costs	(999)	(12,523)	(2,033)	(70,481)
Loss before taxation	(60,263)	(144,522)	(83,499)	(192,628)
Income tax	–	–	–	–
Loss for the year/period	(60,263)	(144,522)	(83,499)	(192,628)

We have not been profitable and incurred net losses during the Track Record Period. Our net losses during the Track Record Period were mainly attributable to the significant research and development costs. In addition, our net losses were also attributable to our other operating costs, such as distribution costs, administrative expenses, and fair value changes in financial instruments. We expect to continue to incur net losses in the near future as we further our research and development efforts, continue the development of, seek regulatory approval for, and commercialize our pipeline products. For the years ended December 31, 2018 and 2019 and the seven months ended July 31, 2019 and 2020, the research and development expenditures (including capitalized development costs and research and development costs recognized in profit or loss) incurred for VitaFlow™ II, our Core Product, were RMB46.1 million, RMB52.9 million, RMB40.8 million and RMB15.7 million, respectively, accounting for 41.6%, 40.5%, 50.1% and 31.0% of our total research and development expenditures, respectively, during the same period. For details, see "Financial Information—Discussion of Certain Items in the Consolidated Statements of Profit or Loss."

Summary of Consolidated Statements of Financial Position

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

	As of December 31,		As of July 31,
	2018	2019	2020
	(RMB in thousands)		
Non-current assets	324,784	362,171	362,807
Current assets	77,346	183,729	801,647
Current liabilities	115,212	387,741	1,367,917
Net current liabilities	37,866	204,012	566,270
Non-current liabilities	13,539	26,315	24,732
Net assets/(liabilities)	273,379	131,844	(228,195)

We had net current liabilities during the Track Record Period. As of December 31, 2018, we recorded net current liabilities of RMB37.9 million, primarily due to the large amount of trade and other payables, mainly representing the loans and interests due to related parties. As of December 31, 2019, we recorded net current liabilities of RMB204.0 million, primarily due to the large amount of other financial liabilities, representing the Series C Preferred Shares we issued in 2019. As of July 31, 2020, we recorded net current liabilities of RMB566.3 million, primarily due to the large amount of other financial liabilities, representing the Series C Preferred Shares and Series D Preferred Shares we issued in 2019 and 2020, respectively.

Our net assets decreased from RMB273.4 million as of December 31, 2018 to RMB131.8 million as of December 31, 2019, primarily due to the net losses recognized which resulted in the decrease in equity. Furthermore, we recorded other financial liabilities of RMB321.6 million, representing the Series C Preferred Shares we issued in 2019. In addition, we recorded net liabilities of RMB228.2 million as of July 31, 2020, primarily due to the accounting treatment for Series C Preferred Shares and Series D Preferred Shares, which were classified as other financial liabilities in the aggregated amount of RMB1,290.3 million in accordance with HKFRSs.

The Series C Preferred Shares and Series D Preferred Shares will automatically convert into Shares upon Listing, at which time we expect to reclassify them from liabilities to equity and, accordingly, turn into net current asset position and net asset position. For risks relating to our Preferred Shares, see "Risk Factors—Risks Relating to Our Financial Position and Need for Additional Capital—We had net current liabilities and net liabilities during the Track Record Period. We cannot assure you that we will not experience net current liabilities or net liabilities in the future, which could expose us to liquidity risks."

Summary of Consolidated Statements of Cash Flow

	For the year ended December 31,		For the seven months ended July 31,
	2018	2019	2020
	(RMB in thousands)		
Cash flows from operating activities before movement in working capital	(55,614)	(112,081)	(49,552)
Changes in working capital	(14,604)	(30,656)	(26,125)
Net cash used in operating activities	(70,218)	(142,737)	(75,677)
Net cash used in investing activities	(140,914)	(55,669)	(17,644)
Net cash generated from financing activities	171,664	263,159	679,174
Net (decrease)/increase in cash and cash equivalents	(39,468)	64,753	585,853
Cash and cash equivalent at the beginning of the year/period	89,886	50,418	109,263
Effect of foreign exchange rate changes	–	(5,908)	3,050
Cash and cash equivalents at the end of the year/period	50,418	109,263	698,166

We had net operating cash outflows of RMB70.2 million, RMB142.7 million, and RMB75.7 million for the years ended December 31, 2018 and 2019 and seven months ended July 31, 2020, respectively. Such net operating cash outflows were primarily due to the significant research and development costs we incurred during the Track Record Period without generating substantial revenue from our commercialized product, for which we commenced sales in August 2019. We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. As our business develops and expands, we expect to generate more net cash from our operating activities, through increasing sales revenue of the existing commercialized product. In view of our net current liabilities position and net operating cash outflows throughout the Track Record Period, we plan to improve such position by (i) further increase our sales of VitaFlow™; (ii) rapidly advancing our late-stage pipeline products towards commercialization to generate revenue from product sales; (iii) adopting comprehensive measures to effectively control our cost and operating expenses, primarily including research and development costs and administrative expenses; (iv) enhancing working capital management efficiency; (v) successfully launching the Global Offering to obtain the proceeds; and (vi) seeking additional funding through public or private offerings, debt financing, collaboration and licensing arrangements or other sources, if needed. Going forward, we believe our liquidity requirements will be satisfied by using funds from a combination of our bank balances and cash, bank borrowings and net proceeds from the Global Offering. As of July 31, 2020, we had cash and cash equivalents of RMB698.2 million.

The Directors are of the opinion that, taking into account the financial resources available to our Group, including cash and cash equivalents, internally generated funds and the estimated net proceeds from the Listing, we have sufficient working capital to cover at least 125% of our costs, including research and development costs, distribution costs, administrative expenses, and other operating costs, for at least the next 12 months from the date of this prospectus.

Our cash burn rate refers to our average monthly (i) net cash used in operating activities; (ii) capital expenditures; and (iii) lease payments. Assuming that the average cash burn rate going forward of approximately 1.7 times the level in 2019 (which is primarily based on the difference between the average monthly burn rate in 2019 and the prospective burn rate based on the average

monthly net cash used in operating activities, capital expenditure and lease payments in 2020 and 2021), we estimate that our cash and cash equivalents as of November 30, 2020, the latest practicable date for the purpose of the indebtedness statement, will be able to maintain our financial viability for approximately 23.4 months or, if we also take into account the estimated net proceeds (based on the low-end of the indicative Offer Price) from the Listing, for at least five years. We will continue to monitor our working capital closely and expect to raise our next round of financing, if needed, with a minimum buffer of 12 months.

KEY FINANCIAL RATIOS[(1)]

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

	As of December 31,		As of July 31,
	2018	2019	2020
Current ratio	0.67	0.47	0.59
Quick ratio	0.52	0.35	0.53

(1) For more information on our key financial ratios, see "Financial Information—Key Financial Ratios."

FUTURE PLANS AND USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$2,247.5 million, after deducting underwriting commissions, fees and estimated expenses payable by us in connection with the Global Offering, and assuming an Offer Price of HK$11.65 per Share, which is the mid-point of the indicative Offer Price range stated in this prospectus.

We intend to apply these net proceeds for the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

- 30.0%, or approximately HK$674.2 million, will be allocated to our Core Product VitaFlow™ II, including:
  - 15.6% of the net proceeds, or approximately HK$350.6 million, will be used for the ongoing R&D activities, clinical trial, product registration and post-marketing clinical study of VitaFlow™ II in China, Europe and other emerging markets; and
  - 14.4% of the net proceeds, or approximately HK$323.6 million, will be used for the ongoing sales and marketing activities of VitaFlow™ II in China and overseas
- 3.4%, or approximately HK$76.4 million of the net proceeds will be allocated to our first commercialized TAVI product, VitaFlow™;
- 27.0%, or approximately HK$606.8 million, will be allocated to the remaining products in our current product pipeline;
- 15.0%, or approximately HK$337.1 million, will be used to fund the expansion of our portfolio through collaboration with global enablers, including medical device companies and research institutes through merger and acquisition, in-licensing arrangements or equity investments, among others;

- 14.6%, or approximately HK$328.1 million will be used to expand our production capacity and strengthen our manufacturing capabilities for VitaFlow™ and VitaFlow™ II; and
- 10.0%, or approximately HK$224.7 million, will be allocated for our working capital and general corporate purposes.

See "Future Plans and Use of Proceeds" for details.

LOSS ESTIMATE FOR THE YEAR ENDED DECEMBER 31, 2020

We have prepared the following loss estimate for the year ended December 31, 2020.

Estimated consolidated loss attributable to equity shareholders of the Company for the year ended December 31, 2020[1]	No more than RMB400.0 million

(1) The basis on which the above estimate has been prepared is set out in Appendix IIB in this prospectus. Our Directors have prepared the estimated consolidated loss attributable to equity shareholders of the Company for the year ended December 31, 2020 based on (i) the audited consolidated results of our Group for the seven months ended July 31, 2020 and (ii) the unaudited consolidated results based on the management accounts of our Group for the five months ended December 31, 2020.

GLOBAL OFFERING STATISTICS

The statistics in the following table are based on the assumptions that: (i) the Global Offering is completed and 205,620,000 Offer Shares are issued and sold in the Global Offering; (ii) the Over-allotment Option and the options under the Share Option Scheme are not exercised; and (iii) 2,366,167,020 Shares are in issue upon completion of the Global Offering:

	Based on an Offer price of HK$11.10 per Share	**Based on an Offer price of HK$12.20 per Share**
Market capitalization of our Shares[1]	HK$26,264.5 million	HK$28,867.2 million
Unaudited pro forma adjusted net tangible assets per Share[2]	HK$1.35	HK$1.44

(1) The calculation of the market capitalization of our Shares is based on the assumption that 2,366,167,020 Shares will be in issue and outstanding immediately following the completion of the Global Offering.

(2) The unaudited pro forma adjusted net tangible assets per Share is calculated on the basis that 2,366,167,020 Shares were in issue assuming that the Global Offering and the Share Subdivision had been completed on July 31, 2020 (including completion of the conversion of Series B Preferred Shares, Series C Preferred Shares and Series D Preferred Shares into ordinary shares of our Company) without taking into account of any Shares which may be issued upon exercise of the Over-allotment Option. The unaudited pro forma adjusted net tangible assets per Share is converted into Hong Kong dollars at an exchange rate of HK$1.00 to RMB0.83363 prevailing on January 15, 2021 published by the PBOC for foreign exchange transactions.

DIVIDENDS

We did not declare or pay any dividend during the Track Record Period. Any future declarations and payments of dividends will be at the absolute discretion of our Board subject to the approval by the general meeting. There can be no assurance that we will be able to declare or distribute any dividend in the amount set out in any plan of the Board or at all. Currently, we do not have any dividend policy or intention to declare or pay any dividends in the near future. As advised by our Cayman Islands counsel, under the Companies Act and the Memorandum and Articles, the Company

may declare and pay a dividend out of either profits or share premium account, provided always that in no circumstances may a dividend be declared or paid if such payment would result in the Company being unable to pay its debts as they fall due in the ordinary course of business. Investors should not purchase our Shares with the expectation of receiving cash dividends. See "Financial Information—Dividend."

LISTING EXPENSES

Listing expenses to be borne by us are estimated to be approximately RMB123.4 million (including underwriting commission), of which approximately RMB49.1 million is expected to be charged to our consolidated statements of profit or loss and approximately RMB74.3 million is expected to be accounted for as a deduction from equity upon the Listing. Our listing expenses as a percentage of gross proceeds is 6.2%, assuming an Offer Price of HK$11.65 per Share, (being the mid-point of the indicative Offer Price range stated in this prospectus) and assuming that the Over-allotment Option is not exercised. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate. Our Directors do not expect such listing expenses to have a material adverse impact on our results of operations for the year ended December 31, 2020.

IMPACT OF THE COVID-19 PANDEMIC

Since early 2020, a growing number of countries and regions around the world have experienced an outbreak of the novel coronavirus (COVID-19), a highly contagious disease known to cause respiratory illness. Significant rises in COVID-19 cases have been reported since then, causing governments around the world to implement unprecedented measures such as city lockdowns, travel restrictions, quarantines and business shutdown. The spread of COVID-19 continues to affect China and Europe, where we conduct substantially all of our business and engage in preclinical studies and clinical trials, as well as certain other countries and regions that are part of our supply chain.

To protect our employees, we required all of our employees to work remotely in late January and February 2020. We officially resumed normal on-site operations, including our in-house R&D and commercialization activities in March 2020. As such, the COVID-19 outbreak had a material impact on our business operations and results of operations during the first quarter of 2020. Our revenue for the seven months ended July 31, 2020 has been significantly affected by the COVID-19 pandemic as sales of our TAVI product has decreased, especially in February and March 2020, primarily because of temporary decreases in the hospital treatment rate of patients with aortic stenosis as many avoided going to hospitals. During the first quarter of 2020, our monthly average sales volume decreased by over 20% as compared to that in the fourth quarter of 2019. Sales gradually bounced back since April 2020. During the four months from April to July 2020, our monthly average sales volume increased by over 100% as compared to that during the first quarter of 2020. We expect that the effect of the COVID-19 pandemic on our business to be relatively limited in the next few years, considering that:

- The number of daily new infections and suspected COVID-19 cases in China has declined substantially since mid-February, and mass lockdown measures in low-risk cities were lifted in early March, according to Frost & Sullivan. Social distancing measures have been gradually lifted and hospitals have gradually resumed full services. As a result, the hospital treatment rate of our addressable patient population increased and resumed to normal

levels. In turn, the demand for our marketed products has gradually recovered. Frost & Sullivan expects that the demand and growth of the TAVI market in China, will not be materially affected by the COVID-19 pandemic in the rest of 2020.

- With respect to our clinical trial of VitaFlow™ II in China, we completed TAVI procedures on all the patients enrolled for the Registration Clinical Trial as of March 2019. As a result, the 30-day evaluation in relation to the Registration Clinical Trial had been completed before the COVID-19 outbreak. The NMPA confirmed with us that they have no objection if we apply for the NMPA marketing approval of VitaFlow™ II based on the clinical trial outcome from the Registration Clinical Trial. As such, we have taken into account the COVID-19 outbreak with respect to our expected development progress and timeline of VitaFlow™ II in China. In October 2020, we submitted the registration material for VitaFlow™ II to the NMPA which was accepted in November 2020 and is currently under review.

- With respect to our clinical trial in Europe, patient enrollment has been temporarily suspended since February 2020. As of the Latest Practicable Date, none of the clinical sites had resumed clinical trials. We expect this situation to continue to improve with the containment of the COVID-19 pandemic and do not expect it to have any material long-term impact on VitaFlow™ II's ongoing clinical trial in Europe. We are actively discussing with each clinical site and the CRO we engaged for the clinical trial to understand the latest status in Europe. We are also conducting follow-up evaluations for the patients that have been enrolled in the clinical trial and had completed TAVI procedures. Nevertheless, as an industrial norm, the EMA will take into consideration clinical trial data obtained in other countries that are obtained in clinical trials in accordance with international guidelines as supporting data for CE Mark registration. We plan to use the clinical data from the one year follow-up evaluations of Registration Clinical Trial and the patients that have already been enrolled in the clinical trial in Europe for VitaFlow™ II's CE Mark registration. As of the Latest Practicable Date, we had completed TAVI procedures with VitaFlow™ II on all of these patients and therefore the expected development progress of VitaFlow™ II in Europe will not be materially and adversely affected by the COVID-19 pandemic and it has taken into account the COVID-19 outbreak.

- The COVID-19 pandemic did not have a material effect on the registration of VitaFlow™ in emerging markets, including Argentina, Russia and Thailand. As VitaFlow™ is not required to complete local clinical trials in these countries, the registration progress of these countries were not materially affected by the COVID-19 pandemic and we successfully registered VitaFlow™ in Argentina and Thailand in July 2020 and November 2020, respectively. As of the Latest Practicable Date, we were in the preparation for registration of VitaFlow™ in Russia and we will submit the registration materials in the next two years.

- The COVID-19 pandemic did not have a material effect on our manufacturing activities. In the first quarter of 2020, we temporarily experienced a decrease in our production capacity due to the implementation of social distancing measures and resumed normal

manufacturing operations in March with protective measures in place. Since April 2020, we have resumed normal manufacturing level, which are sufficient to support our ongoing R&D and commercialization activities.

- The COVID-19 pandemic did not have a material effect on our inventory levels and supply chain. Our inventory levels were generally sufficient to support our operations. In light of the COVID-19 pandemic, we kept a slightly higher inventory level in 2020 and we had not experienced any shortage of raw materials that had a material and adverse impact on our operations. Despite minor delays in logistics and the temporarily insignificant increase in logistics expenses, especially international shipments, we have been able to manage our supply chain and ensure a decent level of raw material and finished products inventory. Our major suppliers, including suppliers for bovine pericardium, have been able to deliver shipments on schedule.

- The COVID-19 pandemic did not have a material effect on services provided to us by third parties, in particular, CROs and SMOs. With respect to the Registration Clinical Trial, our CROs and us had arranged telephone follow-up interviews for all the patients enrolled and onsite follow-up inspections for substantially all the patients. With respect to the ongoing clinical trial in Europe, as patient enrollment has been temporarily suspended since February 2020, we did not require significant efforts from CROs and SMOs but we have kept regular communications with them with respect to the relevant clinical trial arrangements during the COVID-19 pandemic.

- The COVID-19 pandemic did not have a material effect on our product delivery. We did not experience any material delays in fulfilling product orders.

- We believe that we have sufficient cash position and other available financial resources to cover at least 125% of our costs for normal operations for at least the next 12 months from the date of this prospectus. Other than the above-mentioned negative impact on our sales in 2020, we do not expect our financial condition to be materially and adversely affected.

We have adopted measures to mitigate the impact of the COVID-19 outbreak on our business operations, financial results and prospects, and maintain a safe and hygienic working environment in our offices and manufacturing facilities. For example, after we resumed on-site operations, we have provided our staff with protective equipment (surgical masks, sanitation and sterilization supplies, and thermometers), required all staff to self-quarantine after travel or if feeling unwell, limited in-person meetings and non-essential travel, sterilized our premises daily, and monitored the health conditions of our employees.

It is uncertain when and whether COVID-19 will be contained globally. The above analysis are made by our management based on currently available information concerning COVID-19. We cannot guarantee you that the COVID-19 outbreak will not further escalate or have a material adverse effect on our results of operations, financial position or prospects. For details, see "Risk Factors—Risks Relating to Our Operations—Our business, results of operations and financial position could be adversely affected by the outbreak of COVID-19." We are constantly monitoring the COVID-19 outbreak situation as well as various regulatory and administrative measures adopted by local governments to prevent and control the pandemic. We will continue to monitor and evaluate any

impact of the COVID-19 outbreak on us and adjust our precautionary measures according to the latest developments of the outbreak.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

In September 2020, VitaFlow™ became the first TAVI product to obtain the Shanghai Basic Medical Insurance Medical Device Settlement Code ("上海市基本醫療保險儀器設備/醫療器材結算編碼"), a prerequisite for medical device to be commercially sold at substantially all the hospitals in Shanghai, according to Frost & Sullivan. To date, according to the same source, VitaFlow™ has successfully penetrated most eligible hospitals for TAVI procedures in Shanghai and we are in the process of penetrating the remaining eligible hospitals in Shanghai.

In October 2020, we submitted the registration application for VitaFlow™ II to the NMPA, which was supported by the Registration Clinical Trial results. The registration application was accepted by the NMPA in November 2020 and is currently under review. We currently expect we will complete the registration of VitaFlow™ II in China by the end of 2021. In the same month, the NMPA accepted the registration material in relation to our second-generation Alwide™ balloon catheter, which is currently under review. The second-generation Alwide™ balloon catheter is designed to provide improved compliance ability and burst pressure. In November 2020, we successfully registered VitaFlow™ in Thailand.

Our Directors confirm that, save as disclosed in this prospectus, there has been no material adverse change in our financial or trading position since July 31, 2020 (being the date on which the latest audited consolidated financial information of our Group was prepared) and up to the date of this prospectus and there is no event since July 31, 2020 which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report in Appendix I to this prospectus.

In 2020, we have observed a significant sales growth of VitaFlow™ and we expect our revenue to increase significantly for the year ended December 31, 2020 as compared to 2019. However, we expect to incur significant expenses and operating losses in the near future as we further our research and development efforts, continue the development of, seek regulatory approvals for, and commercialize our pipeline products. As such, for the year ended December 31, 2020, we expect that our net loss will increase as compared to that for the year ended December 31, 2019, primarily due to (i) an increase in finance cost arising from Series C Preferred Shares and Series D Preferred Shares; (ii) an increase in other operating costs, primarily due to listing expenses in relation to the Listing and Global Offering; (iii) an increase in workforce and share-based compensation expenses; and (iv) an increase in fair value changes in financial instruments, while our revenue will not grow as quickly as our costs and expenses when we continue to ramp up sales of our product. We expect that our financial performance will fluctuate quarterly and yearly due to the development status of our pipeline products, regulatory approval timeline and commercialization of our pipeline products after approval.

RISK FACTORS

We are a biotechnology company seeking to list on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules. Our operations and the Global Offering involve certain risks and uncertainties, some of which are beyond our control and may affect your decision to invest in us and/

or the value of your investment. See the section headed "Risk Factors" for details of our risk factors, which we strongly urge you to read in full before making an investment in our Shares. In any such case, the market price of our Shares could decline, and you may lose all or part of your investments. Some of the major risks we face include:

- we have incurred significant net losses since inception and expect to continue to incur losses, and may never achieve or maintain profitability. As a result, you may lose substantially all of your investment in us if our business fails;
- we have only recently begun commercializing our products and our sales currently mainly rely on one product, VitaFlow™, which may make it difficult to evaluate our future prospects. As a result, you may lose substantially all of your investment in us given the nature of biotech industry;
- we have relatively limited experience in marketing and sales of our products;
- our future growth depends substantially on the success of our pipeline products. If we are unable to successfully complete clinical development, obtain regulatory approval and commercialize our pipeline products, or experience significant delays in doing so, our business may be materially and adversely affected;
- if our products cause, or are perceived to cause, severe adverse events, our reputation, revenue and profitability could be materially and adversely affected;
- if we fail to effectively expand our overseas business, our business prospects may be adversely affected;
- our business, results of operations and financial position could be adversely affected by the outbreak of COVID-19;
- If we determine our intangible assets to be impaired, our results of operations and financial condition may be adversely affected; and
- no public market currently exists for our Shares, and an active trading market for our Shares may not develop and the market price for our Shares may decline or became volatile, especially taking into account that all of our existing Shareholders have entered into a lock-up undertaking for six months after Listing.

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

"2017 Pre-IPO Investment"	the investment in our Company by the 2017 Pre-IPO Investors, the details are set out in the section headed "History, Development and Corporate Structure—Major Shareholding Changes of Our Group—2. 2017 Pre-IPO Investment" of this prospectus
"2017 Pre-IPO Investor(s)"	the investor(s) of the 2017 Pre-IPO Investment, namely Huajie, CICC Pucheng, CICC Kangrui, Huatai Ruihe and SDIC Chuanghe
"2019 Pre-IPO Investment"	the investment in our Company by the 2019 Pre-IPO Investors, the details are set out in the section headed "History, Development and Corporate Structure—Major Shareholding Changes of Our Group—4. 2019 Pre-IPO Investment" of this prospectus
"2020 Pre-IPO Investment"	the investment in our Company by the 2020 Pre-IPO Investors, the details are set out in the section headed "History, Development and Corporate Structure—Major Shareholding Changes of Our Group—5. 2020 Pre-IPO Investment" of this prospectus
"2020 Pre-IPO Investor(s)"	the investor(s) of the 2020 Pre-IPO Investment, namely CMP, AUT, LBC, CRF, Gamnat, Gortune, Happy Soul and CDG
"4C Medical"	4C Medical Technologies, Inc., a company incorporated under the laws of the State of Delaware and mainly engaged in the R&D of mitral and tricuspid valve devices in the United States
"Accountants' Report"	the accountants' report prepared by KPMG, details of which are set out in Appendix I to this prospectus
"Application Form(s)"	**WHITE** Application Form(s), **YELLOW** Application Form(s) and **GREEN** Application Form(s), or where the context so requires, any of them which is used in relation to the Hong Kong Public Offering and **BLUE** Application Form(s) in relation to the Preferential Offering
"Articles of Association" or "Articles" or "Memorandum of Association" or "Memorandum"	Memorandum and Articles of Association of our Company to be conditionally adopted on January 15, 2021 and to be effective on the Listing Date, a summary of which is set out

	in "Appendix III—Summary of the Constitution of our Company and Cayman Islands Company Law" to this prospectus
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Assured Entitlement"	the entitlement of the Qualifying MicroPort Shareholders to apply for the Reserved Shares on an assured basis pursuant to the Preferential Offering determined on the basis of their respective shareholdings in MicroPort on the Record Date
"AUT"	AUT-XVI Holdings Limited, an exempted company incorporated in the Cayman Islands and our Pre-IPO Investor
"Available Reserved Share(s)"	has the meaning ascribed to it in the section headed "Structure of the Global Offering—The Preferential Offering—Basis of Allocation for Applications for Reserved Shares" in this prospectus
"Beijing Chenxue"	Beijing Chenxue Enterprise Management Co., Ltd. (北京琛雪企業管理有限公司), a limited liability company established in the PRC on January 10, 2019 and a wholly-owned subsidiary of our Company
"Beneficial MicroPort Shareholder(s)"	any beneficial owner(s) of share of MicroPort whose shares of MicroPort are registered, as shown in the register of members of MicroPort, in the name of a registered shareholder of MicroPort on the Record Date
"**BLUE** Application Form(s)"	the application form(s) to be sent to Qualifying Microport Shareholders for the subscription of the Reserved Shares pursuant to the Preferential Offering
"Board"	the board of directors of our Company
"Business Day"	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"BVI"	the British Virgin Islands
"CAGR"	compound annual growth rate
"CardioFlow BVI"	MicroPort CardioFlow Limited, a limited liability company incorporated in the BVI on January 17, 2019 and a wholly-owned subsidiary of our Company
"CardioFlow HK"	MicroPort CardioFlow International Corp. Limited (previously known as MicroPort CardioFlow China Corp.

	Limited), a company incorporated in Hong Kong with limited liability on January 21, 2019 and a wholly-owned subsidiary of our Company
"Cayman Islands"	the Cayman Islands
"CCASS"	the Central Clearing and Settlement System established and operation by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"CDG"	CDG Group Fund L.P., a limited partnership incorporated in the Cayman Islands and our Pre-IPO Investor
"CE Mark"	a certification mark that indicates conformity with health, safety and environmental protection standards for products sold within the European Economic Area
"Chengdu Xintuo"	Chengdu Xintuo Biotechnology Co., Ltd. (成都心拓生物科技有限公司), a limited liability company established in the PRC on June 8, 2020 and a wholly-owned subsidiary of our Company
"Chenxue Investment"	Shanghai Chenxue Enterprise Management Consulting Center (Limited Partnership) (上海琛雪企業管理諮詢中心(有限合夥)), previously known as Shanghai Chenxue Investment Management Center (Limited Partnership) (上海琛雪投資管理中心(有限合夥)), a limited partnership established in the PRC on November 2, 2015
"China," "mainland China," or "PRC"	People's Republic of China, but for the purpose of this prospectus and for geographical reference only and except where the context requires otherwise, references in this prospectus do not apply to Hong Kong, Macau and Taiwan
"CICC Kangrui"	CICC Kangrui I (Ningbo) Equity Investment Limited Partners (Limited Partnership) (中金康瑞壹期(寧波)股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC and our Pre-IPO Investor

"CICC Pucheng"	CICC Pucheng Investment Corporation Limited (中金浦成投資有限公司), a limited liability company incorporated in the PRC and our Pre-IPO Investor
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"CMP"	CMP Cardio Investment Limited, a limited liability company incorporated in the BVI and our Pre-IPO Investor
"CNIPA"	China National Intellectual Property Administration (國家知識產權局)
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Companies Act" or "Cayman Companies Act"	the Companies Act (As Revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	MicroPort CardioFlow Medtech Corporation (微创心通医疗科技有限公司), a company with limited liability incorporated under the laws of the Cayman Islands on January 10, 2019
"connected person"	has the meaning ascribed thereto under the Listing Rules
"connected transaction"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to MicroPort and/or Shanghai MicroPort
"core connected person"	has the meaning ascribed thereto under the Listing Rules
"Core Product"	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for the purposes of this prospectus, our Core Product refers to VitaFlow™ II
"CRF"	CRF Investment Holdings Company Limited, an exempted company incorporated in the Cayman Islands and our Pre-IPO Investor
"Director(s)" or "our Director(s)"	the director(s) of our Company, including all executive, non-executive and independent non-executive directors
"EEA"	the European Economic Area

"EIT Law"	the PRC Enterprise Income Tax Law (中華人民共和國企業所得税法), as enacted by the NPC on March 16, 2007 and effective on January 1, 2008, as amended, supplemented or otherwise modified from time to time
"EU"	the European Union
"EUIPO"	European Union Intellectual Property Office
"Extreme Conditions"	any extreme conditions or events, the occurrence of which will cause interruption to the ordinary course of business operations in Hong Kong and/or that may affect the Listing Date
"FDA"	U.S. Food and Drug Administration
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market, research and consulting company
"Frost & Sullivan Report"	the report commissioned by our Company and independently prepared by Frost & Sullivan, a summary of which is set forth in the section headed "Industry Overview" in this prospectus
"Gamnat"	Gamnat Pte. Ltd., a limited liability company incorporated in Singapore and our Pre-IPO Investor
"GFA"	gross floor area
"Global Offering"	the Hong Kong Public Offering and the International Offering (including the Preferential Offering)
"Gortune"	Gortune Artemis Limited, a company incorporated in the BVI with limited liability and our Pre-IPO Investor
"**GREEN** Application Form(s)"	the application form(s) to be completed by the **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited
"Green Path for Innovative Medical Device"	the Special Procedures for Examination and Approval of Innovative Medical Devices (創新醫療器械特別審查程序) in China. For details, see "Regulatory Overview—Laws and Regulations Relating to Medical Devices—Special Procedures for Examination and approval of Innovative Medical Devices"
"Group", "our Group", "we", "us", or "our"	our Company and all of our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present

	subsidiaries, the present subsidiaries of our Company and the businesses operated by such subsidiaries or their predecessors (as the case may be)
"Happy Soul"	Happy Soul Limited, a company incorporated in the BVI with limited liability and our Pre-IPO Investor
"HK$" or "Hong Kong Dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRSs"	Hong Kong Financial Reporting Standards
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Offer Shares"	the 20,562,000 Shares initially offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering (subject to reallocation as described in the section headed "Structure of the Global Offering" in this prospectus)
"Hong Kong Public Offering"	the offer for subscription of the Hong Kong Offer Shares to the public in Hong Kong (subject to reallocation as described in the section headed "Structure of the Global Offering") at the Offer Price (plus brokerage of 1.0%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005%) on the terms and conditions described in the section headed "Structure of the Global Offering" in this prospectus and the Application Forms
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering whose names are set out in the section headed "Underwriting—Hong Kong Underwriters" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement dated January 23, 2021 relating to the Hong Kong Public Offering entered into by, among others, our Company, Microport, the Joint Sponsors, the Joint Global Coordinators and the Hong Kong Underwriters as further described in the section headed "Underwriting" in this prospectus
"Huajie"	Huajie (Tianjin) Medical Investment Partnership (Limited Partnership) (華杰(天津)醫療投資合夥企業(有限合夥)), a

	limited partnership established in the PRC and our Pre-IPO Investor
"Huatai Ruihe"	Beijing Huatai Ruihe Healthcare Investment Fund llp (北京華泰瑞合醫療產業投資中心(有限合夥)), a limited partnership established in the PRC and our Pre-IPO Investor
"Independent Third Party(ies)"	party or parties that, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is or are not a connected person of our Company within the meaning of the Listing Rules
"International Offer Shares"	the 185,058,000 Shares initially offered by our Company for subscription at the Offer Price pursuant to the International Offering (including, for the avoidance of doubt, 10,281,000 Reserved Shares for the Preferential Offering), together, where relevant, with any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option, subject to reallocation as described in the section headed "Structure of the Global Offering" in this prospectus
"International Offering"	the offer of the International Offer Shares at the Offer Price to professional, institutional and other investors by the International Underwriters on behalf of our Company as further described in the section headed "Structure of the Global Offering" in this prospectus (for the avoidance of doubt, of the International Offer Shares initially being offered under the International Offering, the Reserved Shares are made available for subscription by the Qualifying MicroPort Shareholders under the Preferential Offering)
"International Underwriters"	the underwriters of the International Offering
"International Underwriting Agreement"	the underwriting agreement relating to the International Offering, which is expected to be entered into by, among others, our Company, MicroPort, the Joint Sponsors, the Joint Global Coordinators and the International Underwriters on or about the Price Determination Date
"Jipintang"	Jipintang Holding Co., Limited, a limited liability company incorporated in the BVI and our Pre-IPO Investor
"Joint Bookrunners" and "Joint Lead Managers"	J.P. Morgan Securities (Asia Pacific) Limited *(in relation to the Hong Kong Public Offering)*, J.P. Morgan Securities plc *(in relation to the International Offering)*, Citigroup Global Markets Asia Limited *(in relation to the Hong Kong Public Offering)*, Citigroup Global Markets Limited *(in relation to*

	the International Offering) and China International Capital Corporation Hong Kong Securities Limited
"Joint Global Coordinators"	J.P. Morgan Securities (Asia Pacific) Limited, Citigroup Global Markets Asia Limited and China International Capital Corporation Hong Kong Securities Limited
"Joint Sponsors"	J.P. Morgan Securities (Far East) Limited, Citigroup Global Markets Asia Limited and China International Capital Corporation Hong Kong Securities Limited
"Latest Practicable Date"	January 17, 2021, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"LBC"	LBC Sunshine Healthcare Fund L.P., an exempted limited partnership incorporated in the Cayman Islands and our Pre-IPO Investor
"Listing"	the listing of our Shares on the Main Board
"Listing Committee"	the listing committee of the Stock Exchange
"Listing Date"	the date, expected to be on or about February 4, 2021, on which the Shares are listed on the Stock Exchange and from which dealings in our Shares first commence on the Main Board
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange. For the avoidance of doubt, the Main Board excludes the Growth Enterprise Market of the Stock Exchange
"MicroPort"	MicroPort Scientific Corporation (微創醫療科學有限公司), an exempted company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 00853)
"MicroPort Group"	MicroPort and all of its subsidiaries
"MOFCOM" or "Ministry of Commerce"	the Ministry of Commerce of the PRC (中華人民共和國商務部)

"MOH"	Ministry of Health (中華人民共和國衛生部), the predecessor of National Health and Family Planning Commission (中華人民共和國衛生和計劃生育委員會)
"MP CardioFlow"	Shanghai MicroPort CardioFlow Medtech Co., Ltd. (上海微創心通醫療科技有限公司), a limited liability company established in the PRC on May 21, 2015 and a wholly-owned subsidiary of our Company
"Nanhui Facility"	our manufacturing facility located in Nanhui District, Shanghai
"NMPA"	National Medical Products Administration (國家藥品監督管理局) and its predecessor the China Food and Drug Administration (國家食品藥品監督管理總局), including its sub-division, such as the Center for Medical Device Evaluation (國家藥品監督管理局醫療器械技術審評中心)
"Non-Qualifying MicroPort Shareholder(s)"	MicroPort Shareholder(s) whose name(s) appeared in the register of members of MicroPort on the Record Date and whose address(es) as shown in such register are in the Specified Territory or Beneficial MicroPort Shareholder(s) at that time who are otherwise known by MicroPort to be resident in the Specified Territory
"Offer Price"	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005%) at which the Offer Shares are to be subscribed and to be determined in the manner further described in the section headed "Structure of the Global Offering" in this prospectus
"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares (including, for the avoidance of doubt, the Reserved Shares) together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option expected to be granted by our Company to the International Underwriters, exercisable by the Joint Global Coordinators (for themselves and on behalf of the International Underwriters) pursuant to the International Underwriting Agreement, pursuant to which our Company may be required to allot and issue up to an aggregate of 30,843,000 additional Shares, representing 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price to cover over-allocation in the

	International Offering, if any, further details of which are described in the section headed "Structure of the Global Offering" in this prospectus
"PBOC"	the People's Bank of China (中國人民銀行)
"PRC Legal Advisers"	Commerce & Finance Law Offices
"Preferential Offering"	the preferential offering to the Qualifying MicroPort Shareholders of 10,281,000 Shares (representing approximately 5% of the Offer Shares initially being offered under the Global Offering) as an Assured Entitlement out of the International Offer Shares being offered under the International Offering at the Offer Price, on and subject to the terms and conditions set out in this prospectus and in the **BLUE** Application Form, as further described in the section headed "Structure of the Global Offering—The Preferential Offering" in this prospectus
"Preferred Shares"	the Series B Preferred Shares, the Series C Preferred Shares and the Series D Preferred Shares
"Pre-IPO Investment(s)"	the pre-IPO investment(s) in our Company, the details of which are set out in the section headed "History, Development and Corporate Structure—The Pre-IPO Investments"
"Pre-IPO Investor(s)"	the investor(s) of our Pre-IPO Investments
"Principal Share Registrar"	Tricor Services (Cayman Islands) Limited
"Price Determination Agreement"	the agreement to be entered into between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date, expected to be on or about January 29, 2021, on which the Offer Price will be determined, or such later time as the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company may agree, but in any event, not later than February 1, 2021
"Qianyi Investment"	Qianyi Investment I L.P., a limited partnership organized in the Cayman Islands and our Pre-IPO Investor
"Qualified Institutional Buyer" or "QIB"	a qualified institutional buyer within the meaning of Rule 144A

"Qualifying MicroPort Shareholder(s)"	MicroPort Shareholder(s), whose name(s) appeared on the register of members of MicroPort on the Record Date, other than the Non-Qualifying MicroPort Shareholders
"R&D"	research and development
"Record Date"	January 19, 2021, being the record date for determining the Assured Entitlement of the Qualifying MicroPort Shareholders to the Reserved Shares
"Regulation S"	Regulation S under the U.S. Securities Act
"Renminbi" or "RMB"	the lawful currency of the PRC
"Reserved Share(s)"	the 10,281,000 Shares being offered by our Company pursuant to the Preferential Offering at the Offer Price to the Qualifying MicroPort Shareholders as the Assured Entitlement, which are to be allocated out of the International Offer Shares as described in the section headed "Structure of the Global Offering" in this prospectus
"Retained MicroPort Group"	MicroPort and its subsidiaries, excluding our Group
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAIC"	the State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
"SAMR"	the State Administration for Market Regulation (中華人民共和國國家市場監督管理總局), whose predecessor is the SAIC
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家税務總局)
"SDIC Chuanghe"	SDIC Chuanghe National Leading Fund of Emerging Industries VC (Limited Partnership) (國投創合國家新興產業創業投資引導基金(有限合夥)), a limited partnership established in the PRC and our Pre-IPO Investor
"Series B Preferred Shares"	the convertible series B preferred shares with a par value of US$0.0001 per share in the authorized share capital of our Company allotted and issued to the Pre-IPO Investors during the Pre-IPO Investments, or the series B preferred shares with a par value of US$0.000005 per share in the authorized share capital of the Company following the Share Subdivision

"Series C Preferred Shares"	the convertible series C preferred shares with a par value of US$0.0001 per share in the authorized share capital of our Company allotted and issued to the Pre-IPO Investors during the Pre-IPO Investments, or the series C preferred shares with a par value of US$0.000005 per share in the authorized share capital of the Company following the Share Subdivision
"Series D Preferred Shares"	the convertible series D preferred shares with a par value of US$0.0001 per share in the authorized share capital of our Company allotted and issued to the Pre-IPO Investors during the Pre-IPO Investments, or the series D preferred shares with a par value of US$0.000005 per share in the authorized share capital of the Company following the Share Subdivision
"Series D Adjustment"	the issuance of 300,078 Series D Preferred Shares (before the Share Subdivision) to the 2020 Pre-IPO Investors, details of which are set out in "History, Development and Corporate Structure—Major Shareholding Changes of Our Group—5. 2020 Pre-IPO Investment"
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Shanghai Huahao"	Shanghai Huahao Enterprise Management Limited Partners (Limited Partnership) (上海鏵浩企業管理合夥企業(有限合夥)), a limited partnership established in the PRC and our Pre-IPO Investor
"Shanghai MicroPort"	Shanghai MicroPort Limited, a company incorporated in the BVI with limited liability on January 8, 2019, a wholly-owned subsidiary of MicroPort and one of our Controlling Shareholders
"Shanghai MicroPort Medical"	Shanghai MicroPort Medical (Group) Co., Ltd. (上海微創醫療器械（集團）有限公司), a limited liability company established in the PRC on May 15, 1998 and a wholly-owned subsidiary of MicroPort
"Share(s)"	ordinary share(s) in the share capital of our Company of US$0.000005 each (as adjusted after the Share Subdivision)
"Shareholder(s)"	holder(s) of our Share(s)

"Shareholders Agreement"	the first amended and restated shareholders agreement entered into among CardioFlow BVI, CardioFlow HK, MP CardioFlow, Shanghai MicroPort, CF Management Global Limited, Miracle Medical Limited, Stride and Strive Limited, Shanghai Huahao, CICC Kangrui, Huatai Ruihe, SDIC Chuanghe, Qianyi Investment, Haitong Fund, CMP, AUT, LBC, CRF, Gamnat, Gortune, Happy Soul, CDG and our Company on April 29, 2020
"Share Option Scheme"	the share option scheme adopted by our Company on March 13, 2020, as amended from time to time, the principal terms of which are set out in "Appendix IV—Statutory and General Information—D. Share Option Scheme" to this prospectus
"Share Subdivision"	the subdivision of each share in the Company's issued and unissued share capital with par value of US$0.0001 each into twenty shares of the corresponding class with par value of US$0.000005 each on January 15, 2021, the details of which are set out in "History, Development and Corporate Structure"
"Sophisticated Investor(s)"	has the meaning ascribed to it under Guidance Letter HKEX-GL92-18 issued by the Stock Exchange
"Specified Territory"	jurisdiction outside Hong Kong where, taking into account the legal restrictions under the applicable laws or requirements of the relevant regulatory body or stock exchange of such jurisdiction, MicroPort and our Company consider the exclusion of the MicroPort Shareholders with registered addresses in or who are otherwise known by MicroPort to be residents of, such jurisdiction from the Preferential Offering to be necessary or expedient
"Spin-off"	the separate listing of our Shares on the Main Board, which is expected to be effected by way of the Global Offering, including the Preferential Offering
"Stabilization Manager"	J.P. Morgan Securities (Asia Pacific) Limited
"State Council"	State Council of the PRC (中華人民共和國國務院)
"Stock Borrowing Agreement"	the stock borrowing agreement expected to be entered into between J.P. Morgan Securities Plc and Shanghai MicroPort on or around the Price Determination Date
"Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited

"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the two years ended December 31, 2018 and 2019 and the seven months ended July 31, 2020
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US dollar(s)," "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. persons"	U.S. persons as defined in Regulation S
"USPTO"	United States Patent and Trademark Office
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"ValCare"	ValCare, Inc., a company incorporated under the laws of the State of Delaware and mainly engaged in the R&D of mitral valve and tricuspid valve medical devices
"VAT"	value-added tax; all amounts are exclusive of VAT in this prospectus except where indicated otherwise
"**WHITE** Application Form(s)"	the applicable form(s) for use by the public who require(s) such Hong Kong Offer Shares to be issued in the applicant's/applicants' own name(s)
"**WHITE** Form eIPO"	the application process for Hong Kong Offer Shares with applications to be issued in the applicant's own name by submitting applications online through the designated website of **White Form eIPO** at **www.eipo.com.hk**
"**WHITE** Form eIPO Service Provider"	Computershare Hong Kong Investor Services Limited

"**YELLOW** Application Form(s)"	the application form(s) for use by the public who require(s) such Hong Kong Offer Shares to be deposited directly into CCASS
"Zhangjiang Facility"	our manufacturing facility located in Zhangjiang Hi-tech Park

For ease of reference, the names of the PRC laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this prospectus in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of official Chinese names are for identification purpose only.

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

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

"all-cause mortality"	all of the deaths that occur in a population, regardless of the cause, which is measured in clinical trials and used as an indicator of the safety or hazard of an intervention
"Abbott"	Abbott Laboratories, a U.S. multinational medical devices and health care company
"AltaValve"	AltaValve human mitral valve replacement medical device developed by 4C Medical. For details, see "Business—Our Product Portfolio—Mitral Valve Product"
"Amend"	Amend mitral valve repair annuloplasty Ring product developed by ValCare. For details, see "Business—Our Product Portfolio—Mitral Valve Product"
"aortic regurgitation" or "AR"	a condition where the aortic valve is not able to close completely, causing a backflow of blood from the aorta into the left ventricle during diastole
"aortic stenosis" or "AS"	the disability to fully open of the aortic valve caused by aortic valve leisions, due to congenital or acquired factors
"aortic valve"	the valve that prevents blood flowing back from aorta to left ventricle
"arrhythmia"	also known as cardiac arrhythmia or heart arrhythmia, is a group of conditions in which the heartbeat is irregular, too fast, or too slow
"atrial fibrillation"	an arrhythmia characterized by the rapid and irregular beating of the atrial chambers of the heart
"BAV"	bicuspid aortic valve, a valve abnormality which forms a bicuspid malformation rather than a tricuspid valve
"BSE"	bovine spongiform encephalopathy
"cardiomyopathy"	a group of diseases caused by various etiologies, which lead to myocardium pathological changes, and then lead to cardiac hypertrophy, dilation, fibrosis and other pathological changes
"Class IIIA Hospitals"	Top-level hospitals in China, as hospitals in China are divided into three classes by Ministry of Health, among

	which, Class III hospitals are at the highest level, typically having more than 500 beds, providing high-level specialist medical and healthcare services to several regions and performing advanced teaching and research tasks. Class III hospitals are divided into Special, A, B, and C grades
"confirmatory study"	a controlled clinical trial of a medical device product designed to demonstrate statistically significant clinical efficacy and safety of such product as used in human patients (in conjunction with the performance of a therapeutic procedure), for regulatory approval of such product
"Corona"	The Corona Mitral Valve Replacement System developed by ValCare. For details, see "Business—Our Product Portfolio—Mitral Valve Product"
"CRO"	contract research organization, a company that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contract basis
"degenerative sclerosis"	a degenerative changes caused by Valve calcification or rheumatic fever
"distal flare"	the flared tip located at the distal part of the delivery system of VitaFlow™ II
"Edwards Lifesciences"	Edwards Lifesciences Corporation, a U.S. medical equipment company specializing in artificial heart valves and hemodynamic monitoring
"eligible hospitals for TAVI procedures"	hospitals that can perform over 400 PCIs per year are considered as eligible hospitals for TAVI procedures
"endocarditis"	an inflammatory disease caused by the direct invasion of the endocardium by pathogenic microorganisms
"EMA"	the European Medicines Agency
"feasibility study"	a clinical trial of a medical device product designed to preliminarily demonstrate the safety of such product as used in human patients (in conjunction with the performance of a therapeutic procedure)
"first-in-human"	the first test on human subjects of an investigational medicinal product developed and assessed through in-vitro or animal testing

"Fr"	the abbreviation of French scale or French gage system, commonly used to measure the size of a catheter. The diameter of a round catheter in millimeters can be determined by dividing the French size by 3
"GCP"	good clinical practice, an international ethical and scientific quality standard for the performance of a clinical trial on medicinal products involving humans
"GMP"	good manufacturing practices, the aspect of quality assurance that ensures that medicinal products are consistently produced and controlled to the quality standards appropriate to their intended use and as required by the product specification
"Hanyu Medical"	Shanghai Hanyu Medical Technology Co., Ltd. (上海捍宇醫療科技有限公司), a PRC medical device company, primarily focusing in the field of cardiovascular
"ISO Class"	method of assessing level of cleanliness against a specification for a cleanroom or clean zone
"KOLs"	acronym for Key Opinion Leaders who are doctors that influence their peers' medical practice, including but not limited to prescribing behavior
"LVOT"	left ventricular outflow tract, the portion of left ventricle chamber from the apex of the heart to aortic valve orifice
"mean aortic gradient"	one of the measures for evaluating the severity of aortic stenosis
"Medtronic"	a medical device company committing to medical technology, services and solutions, incorporated under the laws of Ireland
"mitral regurgitation" or "MR"	a condition where the mitral valve is not able to close completely, causing a backflow of blood from the left ventricle into the left atrium during ventricular systole
"mitral valve"	the valve that prevents the blood in left ventricle from flowing back to left atrium
"mmHg"	millimeter of mercury, a unit of measure for atmospheric pressure
"moderate regurgitation"	a grade of reverse blood flow resulting from insufficient valve closure, caused by functional or organic diseases of the heart valve

"MRCT"	multi regional clinical trial
"MRI"	magnetic resonance imaging, a procedure that uses magnetism, radio waves, and a computer to create images of areas inside the body
"myocardial infarction"	myocardial infarction caused by acute and persistent ischemia and hypoxia in coronary arteries
"New York Heart Association Functional Classification" or "NYHA Classification"	a simple way of classifying the extent of heart failure provided by the New York Heart Association. It classifies patients in one of four categories based on their limitations during physical activity, in regards to normal breathing and varying degrees in shortness of breath and/or angina pain
"nitinol"	nickel titanium, a metal alloy of nickel and titanium, where the two elements are present in roughly equal atomic percentages
"orifice area"	the area of the orifice of heart valves, which is one of the measures for evaluating the severity of heart valve stenosis
"pacemaker implantation"	a common procedure where a pacemaker (which is an electronic device that prevents one's heart from beating too slowly) is inserted just under the skin in the chest with wires attached to the heart
"PAV"	prosthetic aortic valve, the artificial valve of our TAVI products
"PCI"	percutaneous coronary intervention, refers to the treatment method of dredging the stenosis or even occluded coronary arteries through the cardiac intervention, so as to improve the myocardial blood flow
"Peijia Medical"	Peijia Medical Limited, a PRC-based medical device company focusing on the development and commercialization of TVT medical devices and neurointerventional procedural medical device, whose shares are listed on the Main Board of the Stock Exchange (stock code: 9996)
"PET"	polyethylene terephthalate
"PI"	principal investigator
"pivotal clinical trial"	a clinical trial of a medical device product designed to demonstrate statistically significant clinical efficacy and safety of such product as used in human patients, for regulatory approval of such product

"pulmonary hypertension"	a hemodynamic and pathophysiological condition, which means a rise in pulmonary artery pressure beyond a certain threshold can lead to right heart failure. It can be an independent disease, a complication, or a syndrome
"pulmonary valve"	the valve locates between the right ventricle and the pulmonary artery, which inhibits the blood from the pulmonary artery regurgitate to the right ventricle
"PVL"	paravalvular leakage, a complication associated with the implantation of a prosthetic heart valve through TAVI or SAVR
"Registration Clinical Trial"	the registration clinical trial in relation to VitaFlow™ II on 60 patients during 30-day follow-up study after implantation. For details, see "Business—Our Product Portfolio—Aortic Valve Product—VitaFlow™ II—Our Core Product"
"regurgitation"	reverse flow of blood caused by insufficient valve closure due to functional or organic diseases of the heart valve
"rheumatic fever"	an inflammatory disease that can develop when strep throat or scarlet fever is not properly treated
"SAVR"	surgical aortic valve replacement, a treatment of severe aortic stenosis through open-chest surgery
"SMO"	site management organization, an organization that provides clinical trial related services to medical device companies having adequate infrastructure and staff to meet the requirements of the clinical trial protocol
"sq.m."	square meter, a unit of area
"STS Score"	Society of Thoracic Surgery risk score or percentage point, a validated risk-prediction model for open surgery, the higher value of which indicates the higher risk of patients to conduct a surgery
"Suzhou Jiecheng"	Suzhou Jiecheng Medical Technology Co., Ltd. (蘇州杰成醫療科技有限公司), a PRC company focusing on the development and manufacturing of TAVI products
"TAV"	transcatheter aortic valve, which refers to treatment methods for aortic valve diseases through transcatheter approach
"TAVI"	transcatheter aortic heart valve implantation, a catheter-based technique to implant a new aortic valve in a minimally invasive procedure that does not involve open- chest surgery to correct severe aortic stenosis

"Top 20 TAVI Hospitals"	the 20 hospitals that are expected to perform the most TAVI procedures in China in 2020, according to Frost & Sullivan, including: West China Hospital of Sichuan University (四川大學華西醫院), The First Affiliated Hospital of Air Force Medical University (Xijing Hospital)（空軍軍醫大學第一附屬醫院（西京醫院)), Fuwai Hospital of Chinese Academy of Medical Sciences (中國醫學科學院阜外醫院), Zhongshan Hospital, Fudan University (復旦大學附屬中山醫院), The Second Affiliated Hospital of Zhejiang University School of Medicine, (浙江大學醫學院附屬第二醫院), Beijing Anzhen Hospital, Capital Medical University (首都醫科大學附屬北京安貞醫院), Guangdong General Hospital (廣東省人民醫院), Wuhan Asia Heart Hospital (武漢亞洲心臟病醫院), Tianjin Chest Hospital (天津市胸科醫院), The Affiliated Hospital of Qingdao University (青島大學附屬醫院), Changhai Hospital of Shanghai (上海長海醫院), Sir Run Run Shaw Hospital, Zhejiang University School of Medicine (浙江大學醫學院附屬邵逸夫醫院), The First Affiliated Hospital of Zhengzhou University (鄭州大學第一附屬醫院) , Fuwai Central China Cardiovascular Hospital (阜外華中心血管病醫院), Fujian Medical University Union Hospital (福建醫科大學附屬協和醫院) The First Affiliated Hospital of Zhejiang University School of Medicine (浙江大學醫學院附屬第一醫院), The Second Affiliated Hospital of Army Medical University of PLA (Xinqiao University) (解放軍陸軍軍醫大學第二附屬醫院（新橋醫院）), Nanjing First Hospital (南京市第一醫院), The First Hospital of Lanzhou University (蘭州大學第一醫院) and Henan Provincial Chest Hospital (河南省胸科醫院)
"TMV"	transcatheter mitral valve, which refers to treatment methods for mitral valve diseases through transcatheter approach
"TMV repair"	transcatheter mitral valve repair, a catheter-based technique to repair the mitral valve in an interventional procedure that does not involve open-chest surgery
"TMV replacement"	transcatheter mitral valve replacement, a catheter-based technique to implant a new mitral valve in an interventional procedure that does not involve open-chest surgery
"transfemoral approach"	an approach of TAVI procedure, with the femoral artery as the entry point of the new valve. The femoral artery is accessed in the groin without an incision but with a needle, catheter and long wires allowing access to the diseased valve. The delivery system is then placed over the long wires into the proper position and the new valve is deployed with the aid of X-rays and an echocardiogram

"tricuspid regurgitation" or "TR"	a condition where the tricuspid valve is not able to close completely, causing a backflow of blood from the right ventricle to the right atrium during systole
"tricuspid valve"	the valve that prevents the blood in right ventricle from flowing back to right atrium
"Trivid"	The Trivid Tricuspid Valve Repair Product developed by ValCare. For details, see "Business—Our Product Portfolio—Tricuspid Valve Products"
"TTV"	transcatheter tricuspid valve, which refers to treatment methods for tricuspid valve diseases through transcatheter approach
"TTVR"	transcatheter tricuspid valve repair, a catheter-based technique to implant a new tricuspid valve in an interventional procedure that does not involve open-chest surgery
"TVT"	transcatheter valve therapy, the treatment of valvular heart diseases (such as aortic valve disease, mitral valve disease and tricuspid valve disease) through transcatheter approach, which includes TAVI, TMV repair/replacement and TTVR
"valvular heart diseases"	due to congenital dysplasia or other diseases, anatomical or functional abnormalities of the heart valve and its accessory structures are caused, resulting in acute or chronic stenosis and/or insufficient closure of single or multiple valves
"ventricular diastole"	the period during which the two ventricles are relaxing from the contortions/wringing of contraction, then dilating and filling
"Venus MedTech"	Venus Medtech (Hangzhou) Inc. (杭州启明醫療器械股份有限公司), a PRC medical device company focusing on the development and commercialization of TVT medical devices, whose shares are listed on the Main Board of the Stock Exchange (stock code: 2500)
"VitaFlow™"	unless the context indicates otherwise, "VitaFlow™" refers to the VitaFlow™—Valve transcatheter aortic valve implantation system, which comprises of a PAV, a motorized delivery system and certain procedural accessories. VitaFlow™ is our key product
"VitaFlow™ II"	unless the context indicates otherwise, "VitaFlow™ II" refers to the VitaFlow™ II—Valve transcatheter aortic valve

	implantation system, which comprises of a PAV, a motorized delivery system and certain procedural accessory. VitaFlow™ II is our Core Product

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

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

- the timing of initiation and completion and the progress of our TVT product design and research programs;
- our ability to advance our TVT products, and the successful completion of clinical trials;
- the approval, pricing and potential reimbursement of our TVT products;
- the commercialization progress of our TVT products;
- future developments, trends and conditions in the industry and markets in which we operate;
- our strategies, plans, objectives and goals and our ability to successfully implement these strategies, plans, objectives and goals;
- our ability to control or reduce costs;
- our ability to identify and integrate suitable collaboration targets;
- our business prospects;
- general economic conditions;
- changes to regulatory and operating conditions in the industry and markets in which we operate;
- our financial condition and performance;
- our capital expenditure plans
- the amount and nature of, and potential for, future development of our business;

- capital market developments;
- the actions and developments of our competitors;
- our dividend policy;
- certain statements in the sections headed "Business" and "Financial Information" in this prospectus with respect to trends in prices, operations, margins, overall market trends, and risk management; and
- other statements in this prospectus that are not historical facts.

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

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

Investment in our Shares involves significant risks. You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, as well as our financial statements and the related notes, and the "Financial Information" section, before making an investment in our Shares. Our business, financial conditions and results of operation and growth prospects could be materially and adversely affected by any of these risks and uncertainties. The trading price of our Shares could decline due to any of these risks, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that we deem immaterial, could also harm our business, financial condition and results of operations.

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

RISKS RELATING TO THE DEVELOPMENT OF OUR PRODUCTS AND PIPELINE PRODUCTS

We have only recently begun commercializing our products and our sales currently rely on one product, VitaFlow™, which may make it difficult to evaluate our future prospects. As a result, you may lose substantially all of your investment in us given the nature of biotech industry.

We began to commercialize VitaFlow™ in China in August 2019. As a result, all of our revenue in 2019 and the seven months ended July 31, 2020 was derived from the sale of VitaFlow™. In 2019 and the seven months ended July 31, 2020, we sold 271 and 601 units of VitaFlow™. We expect sales of VitaFlow™ will continue to account for a significant portion of our total sales in the foreseeable future. However, we cannot assure you that the demand for VitaFlow™ will continue to grow as anticipated or our revenue generated from VitaFlow™ will be substantial in the future. Accordingly, our operating history and historical results of operations may not be a reliable indicator of our future performance or serve as an adequate basis for evaluating our business prospects and financial performance.

There is also no assurance that we will be able to maintain and further improve our sales and profit margin for VitaFlow™, which may be adversely affected by many factors out of our control, including business disruption due to epidemics (for example, the recent COVID-19 pandemic), introduction of substitute products marketed by our competitors, disruptions in manufacturing or sales, issues with respect to product quality or severe adverse events incurred after the procedure, downward pricing pressure caused by changes in market competition, coverage of medical insurance, expiration of patent protection, and disputes over intellectual property or other matters with third parties. If we are unable to maintain and further improve the sales volumes and optimize pricing level or profit margin of VitaFlow™, our business, financial condition and results of operations may be materially and adversely affected. Moreover, there is no guarantee that we may be able to successfully develop or commercialize new products that would diversify our product portfolio and reduce our dependence on VitaFlow™, or to do so in a timely or competitive manner. Furthermore, even if we are able to bring more products to market, we may not be able to expand our business and capture market share,

maintain our competitive position, or sustain growth and profitability. As a result, any predictions about our future success or viability may not be as accurate as they could be even if we had a history of successfully commercializing our products.

Our future growth depends substantially on the success of our pipeline products. If we are unable to successfully complete clinical development, obtain regulatory approval and commercialize our pipeline products, or experience significant delays in doing so, our business may be materially and adversely affected.

Our ability to generate revenue and become profitable in the future substantially depends on the successful development of, the ability to obtain the necessary regulatory approvals for, and the successful commercialization of our pipeline products, which are still under design and development, and other pipeline products we may develop in the future. Clinical development involves lengthy and expensive process with uncertain outcomes. A failure of one or more of our clinical trials can occur at any stage of testing and clinical trials or procedures may experience significant setbacks even after earlier trials have shown promising results. In addition, there can be significant variability in safety and/or efficacy results between different trials of the same product candidate due to numerous factors, including changes in trial procedures set forth in protocols, differences in the size and type of the patient populations and the rate of dropout among clinical trial participants. We have invested a significant portion of our efforts and financial resources in the R&D of our pipeline products. For the years ended December 31, 2018 and 2019 and the seven months ended July 31, 2020, our research and development costs amounted to RMB44.7 million, RMB96.7 million and RMB38.2 million, respectively. We expect to continue to incur substantial and increasing expenditures through the projected commercialization of pipeline products.

We may experience numerous unexpected events during, or as a result of, clinical trials that could delay or prevent our ability to receive regulatory approval or successfully commercialize our pipeline products, including but not limited to:

- regulators, institutional review boards, or ethics committees may not authorize us or our investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site;
- clinical trials of our pipeline products may have undesirable side effects, produce negative or inconclusive results, or other unexpected characteristics, and we may decide, or regulators may require us, to conduct additional clinical trials, suspend or terminate the product development programs;
- the initial or interim results of clinical trials may not be predictive of the final clinical trial results and may be subject to adjustments;
- the number of patients required for clinical trials of our pipeline products may be larger than anticipated;
- the patient enrollment may be insufficient or slower than anticipated or patients may drop out at a higher rate than anticipated;

- our inability to reach agreements on acceptable terms with prospective CROs, SMOs and hospitals as trial centers, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs, SMOs and hospitals as trial centers;
- our third-party contractors may fail to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all;
- we might have to suspend, delay or terminate clinical trials of our pipeline products for various reasons, including a finding of lack of clinical response or other unexpected characteristics, a finding that participants are being exposed to unacceptable health risks or reasons outside of our control, such as occurrences of epidemics like the outbreak of COVID-19;
- regulators or ethics committees may require that we or our investigators suspend or terminate clinical research or not rely on the results of clinical research for various reasons, including non-compliance with regulatory requirements;
- the cost of clinical trials of our pipeline products may be greater than anticipated; and
- the supply or quality of our pipeline products for use in a clinical trial or other materials necessary to conduct clinical trials of our pipeline products may be insufficient or inadequate.

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

- be delayed in obtaining regulatory approval for our pipeline products or not be able to obtain regulatory approval at all;
- obtain approval for modified or narrowed indications with additional pre-requisites;
- have the product removed from the market after obtaining regulatory approval;
- be subject to additional post-marketing study requirements;
- be subject to restrictions on how the product is distributed or used;
- be unable to obtain reimbursement for use of the product; or
- be inferior to products of competitors when being selected by physicians and hospitals.

Whether we can generate profit from our operating activities largely depends on the successful commercialization of our pipeline products. The success of our pipeline products will depend on several factors, including but not limited to:

- receipt of regulatory approvals from the NMPA, EMA and other regulatory authorities for our pipeline products;

- establishing sufficient commercial-scale manufacturing capabilities, either by expanding our current manufacturing facility or making arrangements with third-party manufacturers;
- obtaining and maintaining patent, trade secret and other intellectual property protection and regulatory exclusivity;
- ensuring we do not infringe, misappropriate or otherwise violate the patent, trade secret or other intellectual property rights of third parties;
- successful launch of our pipeline products, if and when approved;
- successfully maintain an effective distribution channel for our products;
- obtaining favorable governmental and private medical reimbursement or reimbursement from other third-party payers for our products, if and when approved;
- competition with other medical devices treating valvular heart diseases; and
- continued acceptable safety profile for our products and pipeline products following regulatory approval, if and when received.

Moreover, because we have limited financial and managerial resources, we focus our product pipeline on research and development programs and pipeline products targeting valvular heart diseases, especially severe aortic stenosis and mitral regurgitation. As a result, we may forego or delay pursuit of opportunities with other pipeline products that later prove to have greater commercial potential. Our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities. Our spending on current and future research and development programs and pipeline products for valvular heart diseases treatment may not yield any commercially viable products. If we do not accurately evaluate the commercial potential or target market for a particular pipeline product, we may relinquish valuable rights to that pipeline product through collaboration, licensing or other royalty arrangements in cases in which it would have been more advantageous for us to retain sole development and commercialization rights.

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

The timely completion of clinical trials in accordance with their protocols depends, among other things, on our ability to enroll a sufficient number of patients who remain in the trial until its conclusion. We may experience difficulties in relation to patient enrollment in our clinical trials for a variety of reasons, including:

- the size and nature of the patient population;
- the patient eligibility criteria defined in the protocol;
- the size of the study population required for analysis of the trial's primary endpoints;
- the proximity of patients to trial sites;
- the design of the trial;

- our ability to recruit clinical trial investigators with the appropriate competencies and experience;
- the patients' perceptions as to the potential advantages and side effects of the pipeline products being studied in relation to other available product, pipeline products or therapies; and
- the risk that patients enrolled in clinical trials may drop out or fail to return for post-treatment follow-up at a higher rate than anticipated.

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

We may face intense competition in the medical device business, which may result in others discovering, developing or commercializing competing products before or more successfully than we do.

The TVT medical device industry is intensely competitive and rapidly changing. We face competition from major TVT medical device companies worldwide. There are several multi-national and domestic companies having TVT medical devices at or near commercial stage, or pursuing the development and undergoing clinical trials of medical device targeting the valvular heart diseases, especially severe aortic stenosis, mitral regurgitation and tricuspid regurgitation. Potential competitors also include academic institutions, government agencies and other public and private research organizations that conduct research, seek patent protection and establish collaborative arrangements for research, development, manufacturing and commercialization on TVT medical devices.

Our competitors may be applying for marketing approvals in China, EU, or other countries for medical device products with the same intended use as our products and pipeline products. The ability of the relevant authorities, such as the NMPA, to concurrently review multiple marketing applications for the same type of innovative medical device may be limited. When our product and its competing products are subject to the NMPA's concurrent review, the NMPA's schedule may be affected, and the registration process of our product may be prolonged. Moreover, our competitors may obtain approval from the NMPA or other comparable regulatory authorities for their products more quickly than we obtain approval for ours, which could result in our competitors establishing a strong market position or gaining acceptance in the same markets that we are targeting before we are able to enter

the market and/or slow our regulatory approval. As a result, we may be unable to maintain or enhance our market share or achieve our targeted market share in this industry. Even if successfully developed and subsequently approved by regulatory authorities, our pipeline products may face competition based on their safety and effectiveness, the timing and scope of the regulatory approvals, the availability and cost of supply, marketing and sales capabilities, reimbursement coverage, price, patent position and other factors. Our commercial opportunities could be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer severe adverse events, or are less expensive than any products that we commercialize or may develop. As a result, we may become obsolete overtime and lose our market share.

Moreover, some of our competitors, including certain first-movers and multi-national companies, may have greater commercial infrastructure, better financial, technical and personnel resources than we have. Mergers and acquisitions in the medical device industries may result in even more resources being concentrated among a small number of our competitors. Smaller and other early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These third parties compete with us in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs. Our business and results of operations will suffer if we fail to compete effectively.

Disruptive technologies and medical breakthroughs may also render our pipeline products obsolete or noncompetitive. Without the timely introduction of new and improved products, our products could become technologically obsolete or more susceptible to competition and our revenue and operating results would suffer. We may have to make significant investments in new products and advanced technologies to face such competitions. However, technical innovations often require substantial time and investment before we can determine their commercial viability, which will have a material adverse impact on our financial conditions. Furthermore, should the new generation of our products succeed in obtaining an approval, it may capture a significant share of our previous generation products and thereby reduce the sales of our previous generation products.

RISKS RELATING TO COMMERCIALIZATION AND DISTRIBUTION OF OUR PRODUCTS

If our products cause, or are perceived to cause, severe adverse events, our reputation, revenue and profitability could be materially and adversely affected.

Our current and future products may cause undesirable or unintended severe adverse events as a result of a number of factors, many of which are outside of our control. These factors include potential complications not revealed in clinical trials, unusual but severe complications and adverse events in isolated cases, defective products not detected by our quality control system or misuse of our products. Our products may also be perceived to cause adverse events when a conclusive determination as to the cause of the adverse events is not obtained or is unobtainable.

In addition, our products may be perceived to cause severe adverse events if one or more regulators, such as the NMPA and/or the EMA, determine that other companies' products containing the same or similar key parts or using the same delivery technologies as our products' cause or are

perceived to have caused severe adverse events. If our products cause, or are perceived to cause, severe adverse events, we may face a number of consequences, including:

- injury or death of patients;
- a severe decrease in the demand for, and sales of, the relevant products;
- the recall or withdrawal of the relevant products;
- revocation of regulatory approvals for the relevant products or the relevant production facilities;
- damage to the brand name of our products and the reputation of our Company;
- failure to include our products into the relevant medical insurance coverage; and/or
- exposure to lawsuits and regulatory investigation relating to the relevant products that result in liabilities, fines or penalties.

As a result of these consequences, our sales, profitability and prospects could be materially and adversely affected.

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

The commercial success of our current and future products depends upon the degree of market acceptance they achieve, particularly among physicians, patients, and hospitals. Physicians and patients may prefer other treatments to TAVI procedures. As a treatment recently developed and introduced to the market, TAVI procedures may fail to receive broad acceptance from patients or physicians as anticipated. As an alternative, open-chest surgery may have a competitive advantage over TAVI procedure, given its established market acceptance, comparatively lower price and coverage by governmental and private medical insurance. In addition, physicians face a learning process to become proficient in the use of our products, which may take longer than expected and therefore affect our ability to market our products. If our products or pipeline products (upon commercialization) fail to gain sufficient market acceptance by physicians, patients, third-party payors and others in the industry, the sales of our products will be adversely affected. For example, current TVT products or devices, such as the valve systems developed by some of our competitors are well established in China and the global transcatheter heart valve medical device industry, and doctors may continue to rely on these treatments to the exclusion of our products and pipeline products. Furthermore, the favorable policy changes on TAVI market in the PRC, for example, Guidelines of Plan for Development of the Pharmaceutical Industry (醫藥工業發展規劃指南), which was issued to encourage the research and development and commercialization of innovative medical devices, will also intensify competition in the market. In addition, physicians, patients and third-party payors may prefer other novel products to ours. If our products and pipeline products do not achieve an adequate level of acceptance, we may not generate significant product sales revenues and we may not become profitable. The degree of market acceptance of our products and pipeline products, if approved for commercial sale, will depend on a number of factors, including:

- the clinical indications for which our products and pipeline products are approved;

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

If any products that we commercialize but fail to achieve market acceptance among physicians, patients, hospitals, valvular heart diseases treatment centers or others in the medical community or if we fail to maintain good relationships with them, we will not be able to generate significant revenue. Even if our products achieve market acceptance, we may not be able to maintain that market acceptance over time if new products or technologies are introduced that are more favorably received than our products, are more cost-effective or render our products obsolete.

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

In August 2019, we began to commercialize our first approved product, VitaFlow™ in China. As we just recently began commercialize our pipeline products, compared with other companies within the same industry, we have relatively limited experiences in launching and commercializing our pipeline products and sales and marketing of our products in China or worldwide. For example, we have limited experience in building a commercial team, conducting a comprehensive market analysis, obtaining licenses and approvals, or managing distributors and sales force for our products. As a result, our ability to successfully commercialize our pipeline products may involve more inherent risks, take longer and cost more than it would if we were a company with sufficient experience launching pipeline products.

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

There is no guarantee that we will effectively manage and succeed in expanding and deepening hospital penetration.

To further penetrate into China's TAVI market and enhance our brand recognition in hospitals, we adopt an academic promotion approach, including participating in industry-leading academic conference and organizing hospital training sessions and valvular heart diseases seminars. We also collaborate with KOLs to promote our TAVI products. As of the Latest Practicable Date, TAVI procedures using VitaFlow™ had been performed at over 145 hospitals in China, most of which are Class IIIA Hospitals located at tier-one and tier-two cities, including 18 of the Top 20 TAVI Hospitals. We expect to continue our focus on increasing penetration into Top 20 TAVI Hospitals and expand into other hospitals that either have existing TAVI capabilities or the potential to perform TAVI procedures but had not performed TAVI procedure. However, we may not be able to do so if we are unable to expand and deepen our hospital penetration effectively, and our sales volume and business prospects could be materially and adversely affected.

The success of our hospital penetration strategy also depends on our ability to attract, motivate and retain qualified and professional employees in our sales and marketing team who have, among other things, the sufficient expertise in the cardiovascular areas and are able to communicate effectively with medical professionals. If we are unable to attract, motivate and retain a sufficient number of qualified sales personnel to support our hospital penetration strategy, sales volumes or margin of our existing and future products may be adversely affected and we may be unable to extend our hospital coverage and deepen our market penetration as contemplated.

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

As of the Latest Practicable Date, VitaFlow™ was priced at approximately RMB196,000 per unit under the public wholesale tender scheme in China, which according to Frost and Sullivan, is significantly lower than other commercialized TAVI products in China. As such, our profit margin from sales of VitaFlow™ may be lower than our competitors. In addition, we may negotiate with certain distributors for price discount on a case-by-case basis in light of their hospital coverage and expected procurement amount. For details, see "Business—Customers—Pricing." Depending on the availability of alternative products, demands of patients and the preference of physicians, hospitals may bargain with the distributors for lower retail prices of our products and therefore reduce the profitability of our distributors. Thus, 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.

Since 2007, China started to adopt a centralized procurement regime in an effort to regulate prices of medical devices through group procurement at the provincial level. For details, see "Regulatory Overview—Laws and Regulations Relating to Medical Devices—Reform Plan on High-Value Medical Consumables." As of the Latest Practicable Date, TAVI products were not included in the centralized procurement regime and there was generally no special tender or bidding process or price guidance set on TAVI procedures and related products for enterprises by the PRC government. The absence of a tender process and price guidance is primarily because TAVI procedures and related products have only been introduced to the Chinese market in recent years, and there are only a limited number of TAVI products approved for marketing in China and the application of TAVI procedures is still limited to top-tier cardiology hospitals in tier 1 and tier 2 cities. With the development of

technologies and increasing competition in the industry, more competing TAVI products may become available and the launch of new products that can replace or further improve the safety and efficacy profile of our existing products. The PRC government may also issue price guidance in relation to our products and pipeline products or introduce tender process and exercise any control measures on the tendering process of any of our products and pipeline products, either at the national or provincial level by the hospital, medical institutions or governments, which may result in uncertainties regarding the timing of such procedures. In particular, our bids may not be successful and our products may not be chosen for a number of reasons, including among others: (i) our prices are not competitive; or (ii) our product quality or any other aspect of our operation fails to meet the relevant requirements. Even if our products win the bids in the centralized procurement process, there is no guarantee that hospitals would purchase our products as they have the sole discretion in selecting between our products and other competing products. These may negatively affect the price of our products and therefore have a material adverse effect on our business and results of operations. Further, we may also face downward pricing pressure if our products are included in the medical insurance reimbursement list, even if such inclusion in the medical insurance reimbursement list is expected to increase the sales volume of our products.

Our sales may be affected by the level of medical insurance reimbursement for TVT medical devices, including TAVI procedure.

Our ability to commercialize our pipeline products will depend in part on the extent to which reimbursement for our products and related treatments will be available to hospitals and other medical institutions ordering these product for use by their patients, which is out of our control. China has a complex medical insurance system that is undergoing reform. The governmental insurance coverage or reimbursement level in China for new procedures such as TAVI procedures and the medical device used in such procedures is subject to significant uncertainty and varies from region to region, as local government approvals for such coverage must be obtained in each geographic region in China. Since TVT medical devices, including TAVI procedures have been introduced to China only in recent years, in order for these medical devices and related procedures to be covered by medical insurance, they first need to be categorized by the hospital under the heart valve replacement procedure or another procedure that is reimbursable.

We have pursued, and plan to actively pursue reimbursement opportunities at national and provincial levels in China. However, we cannot be sure that reimbursement will be available for any product that we commercialize and, if reimbursement is available, what the level of reimbursement will be. Reimbursement may impact the demand for, or the price of, any product for which we obtain regulatory approval. Obtaining reimbursement for our products may be particularly difficult because of the higher prices often associated with newly introduced technology or medical devices. If reimbursement is not available or is available only to limited levels, we may not be able to successfully commercialize any pipeline product that we successfully develop.

In the absence of sufficient medical insurance coverage for the use of our products, patients may choose alternative treatment methods, and hospitals may recommend such alternative treatments, which would reduce demand for our products and our sales which could in turn materially and adversely affect our business, financial condition and results of operation. Moreover, we may need to lower the prices of our products in order to have them included in the medical insurance

reimbursement list, and such price cut and reimbursement may not necessarily lead to increase in our sales and our results of operations may be adversely affected.

RISKS RELATING TO OUR FINANCIAL POSITION AND NEED FOR ADDITIONAL CAPITAL

We have incurred significant net losses since inception and expect to continue to incur losses, and may never achieve or maintain profitability. As a result, you may lose substantially all of your investment in us if our business fails.

Investments in medical device development are highly speculative. It entails substantial upfront capital expenditure and significant risks that a pipeline product may fail to gain regulatory approval or become commercially viable. We have incurred significant expenses related to the research and development of our pipeline products in the past. For the years ended December 31, 2018 and 2019 and the seven months ended July 31, 2020, our research and development costs amounted to RMB44.7 million, RMB96.7 million and RMB38.2 million, respectively. In addition to our significant research and development costs, we also incurred distribution costs and administrative expenses associated with our operations. See "Financial Information—Discussion of Certain Items in the Consolidated Statements of Profit or Loss." As a result, we recorded net losses of RMB60.3 million, RMB144.5 million and RMB192.6 million for the years ended December 31, 2018 and 2019 and the seven months ended July 31, 2020, respectively.

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

Our results of operations, financial condition and prospects may be adversely affected by the fluctuations in the fair-value of financial instruments.

Our results of operations, financial condition and prospects may be affected by fair-value changes in the financial instruments. During the Track Record Period, our fair-value changes in financial instruments consisted of changes in fair value of (i) our investment in 4C Medical; (ii) put options issued to Witney Global Limited ("**Witney Global**"); and (iii) the Series D Adjustment. For details, see "History, Development and Corporate Structure—Strategic Investments" and "Business—Collaboration with Third Parties." For the year ended December 31, 2019 and seven months ended July 31, 2019 and 2020, we realized fair-value losses in financial instruments of RMB8.6 million, RMB11.3 million, and RMB28.1 million. The estimated changes in fair value involve the exercise of professional judgment and the use of certain bases, assumptions and unobservable inputs, which, by

their nature, are subjective and uncertain. For more details, see "Financial Information—Significant Accounting Policies, Judgments and Estimates—Critical Judgments and Estimates—Fair Value of Unlisted Equity Investments and Derivative Financial Liabilities." Our management determines the fair value of our level 3 financial assets and liabilities using valuation techniques that incorporated unobservable inputs, including expected probability of event, expected volatility, and others. See Note 28(e) to the Accountants' Report in Appendix I to this prospectus for more information about the fair value measurement of our level 3 valuations. As such, fair-value changes in financial instruments have been, and will continue to be, subject to uncertainties in accounting estimation, which may not reflect actual fair value of these financial instruments and result in significant fluctuations in profit or loss from year to year. Changes in these unobservable inputs will also affect the estimated fair value of our level 3 financial assets and financial liabilities at fair value through profit or loss, which leads to uncertainty in our financial results. A range of factors, many of which are beyond our control, may influence and cause adverse changes to the estimates we use and thereby affect the fair value of these assets and liabilities. These factors include, but are not limited to, general economic condition, change 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 actually results and cause the fair value of our financial assets and liabilities at fair value through profit or loss to fluctuate substantially. We may recognize additional losses from the fair-value changes of financial instruments after July 31, 2020, and we may retain accumulated losses due to the fair-value losses of financial instrument.

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

We have historically received government grants in the form of subsidies received from local government intended to support our R&D activities and business operations. For the years ended December 31, 2018 and 2019 and the seven months ended July 31, 2020, we recognized government grants under other net income of RMB0.3 million, RMB3.9 million and RMB2.3 million, respectively. For details, see "Financial Information—Discussion of Certain Items in the Consolidated Statements of Profit or Loss—Other Net Income/(Loss)." Our eligibility for government grants is dependent on a variety of factors, including the assessment of our improvement on existing technologies, relevant government policies, the availability of funding at different granting authorities and the R&D progress made by other peer companies. In addition, the policies according to which we historically received government grants may be halted by the relevant government entities at their sole discretion. There is no assurance that we will continue to receive such government grants or receive similar level of government grants, or at all, in the future.

We had net operating cash outflows during the Track Record Period.

We had net cash used in operating activities of RMB70.2 million, RMB142.7 million and RMB75.7 million, for the years ended December 31, 2018 and 2019 and the seven months ended July 31, 2020, respectively. We cannot assure you that we will be able to generate cash flows from operating activities in the future. Our liquidity and financial condition may be materially and adversely affected by negative net cash flows. In addition, our existing cash and cash equivalents may not be sufficient to enable us to complete all development or commercially launch all of our current pipeline products for the anticipated characteristics and to invest in additional programs. Accordingly, we may require further funding through public or private offerings, debt financing, collaboration and

licensing arrangements or other sources. If we resort to other financing activities to generate additional cash, we will incur financing costs and we cannot guarantee that the financing may be available when we need them, on terms that are favorable to us, or at all. Our ability to raise funds will also depend on financial, economic and market conditions and other factors, many of which are beyond our control. If adequate funds are not available to us on a timely manner, we may have to delay, limit, reduce or terminate preclinical studies, clinical trials or other research and development activities or the commercialization for one or more of our pipeline products, which in turn will adversely affect our business prospects.

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

We had net current liabilities during the Track Record Period. In addition, we had net liabilities of RMB228.2 million as of July 31, 2020. For details, see "Financial Information—Discussion of Certain Key Consolidated Statements of Financial Position Items." Our net current liabilities position and deficit position were in part due to the accounting treatment for Series C Preferred Shares and Series D Preferred Shares, which were classified as other financial liabilities in accordance with HKFRSs. Such Preferred Shares will automatically convert into Shares upon Listing, at which time we expect to reclassify them from liabilities to equity and, accordingly, turn into net current asset position and net asset position. However, there can be no assurance that we will not experience liquidity problems in the future. If we fail to maintain sufficient cash and financing, we may not have sufficient cash flows to fund our business, operations and capital expenditure and our business and financial position will be adversely affected.

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

We may require additional funds due to changes in business conditions or other future developments relating to, inter alia, our existing operations or any future expansions. The amount and timing of such additional financing needs will vary depending on the timing investments in and/or acquisitions of new businesses from third-parties, and the amount of cash flow from our operations. We may seek additional funding through a combination of equity offerings, debt financings, credit facilities, collaborations and licensing arrangements.

To the extent that we raise additional capital through the issuance of new Shares, sale of equity, equity linked securities or convertible debt securities, other than on a pro rata basis to existing Shareholders, the percentage of ownership of our existing Shareholders in our Company, the earnings per Share and the net asset value per Share may be reduced, your ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a holder of our Shares.

The incurrence of additional indebtedness, the issuance of certain equity securities or obtaining credit facilities could result in increased fixed payment obligations and could also result in certain additional restrictive covenants, such as limitations on our ability to incur additional debt or issue additional equity, limitations on our ability to acquire or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. In addition,

issuance of additional equity securities, or the possibility of such issuance, may cause the market price of our Shares to decline.

In the event that we enter into collaborations or licensing arrangements in order to raise capital, we may be required to accept unfavorable terms, including relinquishing or licensing to a third party on unfavorable terms our rights to technologies or pipeline products that we otherwise would seek to develop or commercialize ourselves or potentially reserve for future potential arrangements when we might be able to achieve more favorable terms.

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

As of July 31, 2020, we had intangible assets of RMB226.2 million which comprised of RMB226.1 million related to capitalized development costs and RMB0.1 million related to software. Our capitalized development costs are primarily related to the VitaFlow™ and VitaFlow™ II. Our determination on whether intangible assets are impaired requires an estimation on recoverable amount of the intangible assets, which is based on a number of assumptions made by our management. If any of these assumptions does not materialize, or if the performance of our business is not consistent with such assumptions, the carrying amount of the intangible assets may exceed its recoverable amount, our intangible assets may be impaired. As a result, we may be required to have a significant write-off of our intangible assets and record a significant impairment loss. The impairment of intangible assets could have a material adverse effect on our business, financial condition and results of operations. For more information regarding our impairment policy in relation to intangible assets, see Note 2 "Significant Accounting Policies—(i) Intangible Assets" and Note 3 "Accounting Judgments and Estimates—(a) Impairment of Capitalized Development Costs" to the Accountants' Report in Appendix I to this prospectus.

We are subject to credit risk in collecting trade receivables from our customers.

We started to generate revenue in 2019 after we commenced commercial sales of VitaFlow™, therefore, our cash flow and profitability would be affected by the timely settlement of payments by our customers. During the Track Record Period, all of our customers were our distributors. Except for two distributors in 2020 to whom we granted a credit term of 10 business days starting from June 2020 and approximately 30 days starting from October 2019, respectively, we typically require distributors to make full payment of our products the following day we confirmed their order and we will only arrange product delivery after receiving a copy of the payment invoice. As a result, we only recorded trade receivables of RMB3.2 million as of July 31, 2020. Although we did not experience any material credit risk for trade receivables during the Track Record Period, however, if our distributors' cash flows, working capital, financial condition or results of operations deteriorate or they experience delays in payments from the hospitals, they may be unable, or they may otherwise be unwilling, to make payments owed to us promptly or at all. Any substantial defaults or delays could materially and adversely affect our cash flows, and we could be required to terminate our relationships with distributors in a manner that will impair the effective distribution of our products. Therefore, we may be exposed to credit risk in relation to our customers.

We are subject to credit risk with respect to other receivables. As a result, the recoverability of value-added tax recoverable and deposits and prepayments may affect our business operations.

Value-added tax recoverable, or VAT recoverable, represented our VAT input credit, resulting from the difference between our VAT input tax (arising from our purchase of goods, including raw materials, consumables, other inventories and services) and our VAT output tax (arising from our sales of products). As of December 31, 2018 and 2019 and as of July 31, 2020, our VAT recoverable was RMB22.3 million, RMB30.4 million and RMB27.4 million, respectively, as the input tax exceeds the output tax for the periods. In general, VAT recoverable will be deducted from future VAT payables or can be received from the tax authorities, for which we consider to have relatively low credit risk. However, the majority of such excess VAT cannot directly result in a refund, instead, it may be carried forward and used to offset output VAT generated in future. Under such circumstance, it may limit our liquidity efficiency and we cannot guarantee the recoverability of the deductible VAT, and to what extent it may affect our financial positions in the future.

In addition, there are uncertainties about the recoverability of our deposits and prepayments which primarily represented the prepaid fees to suppliers and service providers. As of December 31, 2018 and 2019, and July 31, 2020, we recorded current and non-current deposits and prepayments of RMB5.0 million, RMB4.0 million and RMB4.7 million, respectively. However, there is no guarantee that the suppliers and service providers will perform their obligations in a timely manner and we are subject to credit risk in relation to deposits and prepayments. We conduct assessments on the recoverability of deposits and prepayments based on, among others, our historical settlement records, our relationship with relevant counterparties, payment terms, current economic trends and to a certain extent, the larger economic and regulatory environment, which involve the use of various judgments, assumptions and estimates by our management. However, there is no assurance that our expectations or estimates will be entirely accurate for the future, as we are not in control of all the underlying factors affecting such deposits and prepayments. Therefore, if we are not able to recover the deposits and prepayments as scheduled, our financial position and results of operations may be adversely affected.

Future tax payments or the discontinuation of any of the preferential tax treatments currently available to use could reduce our profitability.

In 2018 and 2019 and the seven months ended July 31, 2020, we recorded net losses of RMB60.3 million, RMB144.5 million and RMB192.6 million, respectively. As a result, during the Track Record Period, we did not record any income tax. We may be subject to PRC corporate income tax in the future, which could reduce our profitability. In addition, according to a tax incentive policy promulgated by the SAT of the PRC in September 2018, we enjoy an additional 75% of qualified research and development costs incurred to be deducted from the taxable income. We cannot assure you that we will continue to received such preferential tax treatment at historical levels, or at all. In the event that any of the preferential tax treatment currently enjoyed by us is reduced, discontinued or withdrawn by the government authorities, our results of operations and growth prospects may be materially and adversely affected.

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

We adopted Share Option Scheme for the benefit of our employees (including Directors) and non-employees as remuneration for their services provided to us to incentivize and reward the eligible persons who have contributed to the development of our Company. For details, see "Appendix IV—Statutory and General Information—D. Share Option Scheme." To further incentivize our employees and non-employees to contribute to us, we may grant additional share-based compensation in the future. Issuance of additional Shares in accordance with such Share Option Scheme may dilute the shareholding percentage of our existing Shareholders. Expenses incurred with respect to such share-based payment may also increase our operating expenses and therefore have a material and adverse effect on our financial conditions.

RISKS RELATING TO EXTENSIVE GOVERNMENT REGULATIONS

The research, development and commercialization of our products are heavily regulated in all material aspects.

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

The process of obtaining regulatory approvals and compliance with appropriate laws and regulations require substantial time and financial resources. Failure to comply with the applicable requirements at any time during the product development process, approval process, or after approval, may subject an applicant to administrative or judicial sanctions. These sanctions could include a regulator's refusal to approve pending applications, withdrawal of an approval, license revocation, a clinical hold, voluntary or mandatory product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement or civil or criminal penalties. The failure to comply with these regulations could have a material adverse effect on our business, financial condition and prospects.

We may not be able to obtain, or experience delays in obtaining, required regulatory approvals.

Obtaining regulatory approvals is a lengthy, expensive and uncertain process, and approvals may not be obtained. When we submit a filing application to the regulatory authorities, the regulatory authorities will decide whether to accept or reject the submission for filing. We cannot be certain that any submissions will be accepted for filing and review by the regulatory authorities. In addition, the time required to obtain approval from the regulatory authorities is unpredictable but typically takes years following the commencement of preclinical studies and clinical trials and depends upon numerous factors, including the substantial discretion of the regulatory authorities. The marketing approval for VitaFlow™, was granted by the NMPA in July 2019. As of the Latest Practicable Date,

other than VitaFlow™, we had not received marketing approval for any of our product portfolio, and it is possible that none of our existing pipeline products or any pipeline products we may discover, in-license or acquire and seek to develop in the future will ever obtain such approval.

Our pipeline products could fail to obtain regulatory approval for many reasons, including:

- failure to begin or complete clinical trials;
- failure to demonstrate that a pipeline product is safe and effective;
- failure to conduct a clinical trial in accordance with regulatory requirements or our clinical trial protocols;
- failure of clinical trial results to meet the level of statistical significance required for approval;
- encountering data integrity issues related to our clinical trials;
- encountering regulatory authority's disagreement with our interpretation of data from preclinical studies or clinical trials;
- the finding of deficiencies related to the manufacturing processes or facilities from regulatory authorities;
- changes in approval policies or regulations that render our preclinical and clinical data insufficient for approval or require us to amend our clinical trial protocols; and
- regulatory requests for additional analyzes, reports, data, nonclinical studies and clinical trials, or questions regarding interpretations of data and results and the emergence of new information regarding our pipeline products or other products.

Currently, we are exploring opportunities for VitaFlow™ in emerging markets, such as Argentina, Thailand and Russia. For VitaFlow™, we had successfully registered it in Argentina and Thailand in July 2020 and November 2020, respectively, and we plan to register it in Russia in the next two years. For VitaFlow™ II, currently, it is under near-commercialization and clinical trial stage in China and Europe, respectively. We plan to register VitaFlow™ II in China and Europe and other emerging markets including Argentina, Brazil, India, Russia, South Korea and Thailand. However, regulatory requirements can vary widely from country to country and could delay or prevent the introduction of our products. Obtaining regulatory approval in one country does not necessarily mean that regulatory approval will be obtained in any other country. For example, certain jurisdictions may have more stringent requirements on clinical trials and clinical data than those of the NMPA or the EMA. Approval processes vary among countries and can involve additional product testing and validation and additional administrative review periods. Seeking foreign regulatory approval in such emerging countries could require additional nonclinical studies or clinical trials, if required by the local authorities, which could be costly and time consuming. For these reasons, we may not obtain foreign regulatory approvals on a timely basis, if at all. If we are unable to obtain regulatory approval for our products in one or more jurisdictions, or any approval contains significant limitations, our target market will be reduced and our ability to realize the full market potential of our products will be materially and adversely affected.

Our products and pipeline products may cause undesirable adverse events which could interrupt, delay or halt clinical trials, delay or prevent regulatory approval, limit the commercial profile of an approved production label, or result in significant negative consequences following any regulatory approval.

Undesirable adverse events caused by our products or pipeline products, including but not limited to side effects, safety issues and other serious adverse events, could cause us or regulatory authorities to interrupt, delay or halt clinical trials and could result in a more restrictive label or the delay or denial of regulatory approval by the NMPA, EMA or other comparable regulatory authority, or could result in limitations or withdrawal following approvals. For example, in the event that results of our trials reveal a high and unacceptable severity or prevalence of adverse events, our trials may be suspended or terminated by the NMPA or the EMA and other comparable regulatory authorities could order us to cease further development of, or deny approval of, our pipeline products.

Adverse events have been reported in our clinical trials which could affect patient recruitment or the ability of enrolled subjects to complete the trial, and could result in potential product liability claims. Any of these occurrences may harm our reputation, business, financial condition and prospects significantly. In this prospectus and from time to time, we disclose clinical results for our products and products candidates, including the occurrence of adverse events and serious adverse events. Each such document speaks only as of the date of the data cutoff used in such document, and we undertake no duty to update such information unless required by applicable law. For details of the adverse events of our products as observed during clinical trials as of the date of this prospectus, see "Business—Our Product Portfolio."

Additionally, if our pipeline products receive regulatory approval, and undesirable side effects caused by such pipeline products are identified after such approval, a number of potentially significant negative consequences could follow, including, among others:

- we may be required to suspend marketing or remove relevant products from the marketplace;
- regulatory authorities may withdraw approvals of the product;
- we may be required to change the way our products are distributed or administered, conduct additional clinical trials, change the labeling or add additional warnings on the labeling of such products;
- we may be required to develop risk evaluation and mitigation measures for the product or, if risk evaluation and mitigation measures are already in place, to incorporate additional requirements under the risk evaluation and mitigation measures;
- we may be subject to regulatory investigations and government enforcement action;
- a severe decrease in the demand for, and sales of, the relevant products;
- we could be sued and held liable for harm caused to subjects or patients; and
- our reputation may suffer.

Any of these events could prevent us from achieving or maintaining market acceptance of the particular pipeline product, and could significantly harm our business, results of operations and prospects.

Our products and pipeline products will be subject to ongoing regulatory obligations and continued regulatory review even if we receive regulatory approval for our pipeline products, which may result in significant additional expense and we may be subject to penalties if we fail to comply with regulatory requirements or experience unanticipated problems with our products and/or pipeline products.

Our products and any additional pipeline products that are approved by the regulators are and will be subject to ongoing regulatory requirements with respect to manufacturing, labeling, packaging, storage, advertising, promotion, sampling, record-keeping, conducting post-market studies, submission of safety, efficacy, and other post-market information, and other requirements of regulatory authorities in China, Europe, and other applicable jurisdictions where the products are approved. For example, manufacturers and manufacturers' facilities are required to comply with extensive regulatory requirements from the NMPA, the EMA and/or other comparable authorities. As such, we are and will be subject to continual review and inspections by the regulators in order to assess our compliance with applicable laws and requirements and adherence to commitments we made in any application materials with the NMPA, the EMA or other authorities.

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

The NMPA, the EMA or comparable regulatory authorities may seek to impose a consent decree or withdraw marketing approval if we fail to maintain compliance with these ongoing regulatory requirements and standards is not maintained or if problems occur after the product reaches the market. Later discovery of previously unknown problems with our products or pipeline products including adverse events of unanticipated severity or frequency, or with our manufacturing processes, or failure to comply with regulatory requirements, may result in revisions to the approved labeling or requirements to add new safety information, imposition of post-market studies or clinical studies to assess new safety risks, or imposition of distribution restrictions or other restrictions under a risk evaluation and mitigation program. Other potential consequences include, among other things:

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

- refusal by the NMPA, the EMA, or comparable regulatory authorities to approve pending applications or supplements to approved applications filed by us or suspension or revocation of license approvals or withdrawal of approvals;
- product seizure or detention, or refusal to permit the import or export of our products and pipeline products; and/or
- injunction or the imposition of civil or criminal penalties.

We cannot predict the likelihood, nature or extent of governmental policies or regulations that may arise from future legislation or administrative actions in China or overseas, where the regulatory environment is constantly evolving. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are unable to maintain regulatory compliance, we may lose any regulatory approval that we have obtained and we may not achieve or sustain profitability. In addition, if we were able to obtain conditional approval of any of our pipeline products, the NMPA, the EMA, and other regulatory authorities may require us to conduct a confirmatory study to verify the predicted clinical benefit and additional safety studies. The results from the confirmatory study may not support the clinical benefit, which would result in the approval being withdrawn. While operating under conditional approval, we will be subject to certain restrictions that we would not be subject to upon receiving regular approval.

If we or parties on whom we rely on fail to maintain or renew the necessary permits, licenses and certificates required for the development, production, sales and distribution of our products, our ability to conduct our business could be materially impaired.

We are required to obtain, maintain and renew various permits, licenses and certificates to develop, produce, promote and sell our products, including but not limited to the Registration Certificate for Medical Device (醫療器械註冊證) and the Medical Device Production License (醫療器械生產許可證) and the Certificate for Exportation of Medical Products (醫療器械產品出口銷售證明). For details, see "Regulatory Overview—Laws and Regulations Relating to Medical Devices." Furthermore, third parties, such as research institutions, distributors and suppliers on whom we may rely to develop, produce, promote, sell and distribute our products, may be subject to similar requirements. We and third parties on whom we rely may be also subject to regular inspections, examinations, inquiries or audits by regulatory authorities, and an adverse outcome of such inspections, examinations, inquiries or audits may result in the loss or non-renewal of the relevant permits, licenses and certificates. Moreover, the criteria used in reviewing applications for, or renewals of permits, licenses and certificates may change from time to time, and there can be no assurance that we or the third parties on whom we rely will be able to meet new criteria that may be imposed to obtain or renew the necessary permits, licenses and certificates. Many of such permits, licenses and certificates are material to the operation of our business, and if we or parties on whom we rely fail to maintain or renew material permits, licenses and certificates, our ability to conduct our business could be materially impaired. Furthermore, if the interpretation or implementation of existing laws and regulations change, or new regulations come into effect, requiring us or parties on whom we rely to obtain any additional permits, licenses or certificates that were previously not required to operate our business, there can be no assurance that we or parties on whom we rely will successfully obtain such permits, licenses or certificates in a timely manner or at all.

Our business and reputation could be harmed, and our revenue and profitability could be materially and adversely affected, if our current and new products are not produced in compliance with the quality standards required under applicable laws.

Our production and manufacturing processes are required to meet certain quality standards. We have established a quality control and assurance system and adopted standardized operating procedures in order to prevent quality issues with respect to our products and operation processes. For further details of our quality control and assurance system, see "Business—Quality Management." Despite our quality control and assurance system and procedures, we cannot eliminate the risk of product defects or failure. Quality defects may fail to be detected or remediated as a result of a number of factors, many of which are outside of our control, including:

- manufacturing errors;
- technical or mechanical malfunctions in the manufacture process;
- human error or malfeasance by our quality control personnel;
- tampering by third parties; and/or
- quality issues with the raw materials we produce or purchase.

In addition, failure to detect quality defects in our products or to prevent such defective products from being delivered to end-users could result in patient injury or death, product recalls or withdrawals, license revocation or regulatory fines, product liabilities or other problems that could seriously harm our reputation and business, expose us to liability, and materially and adversely affect our revenue and profitability.

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

We are subject to numerous environmental, health and safety laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. Our operations involve the use of hazardous and flammable materials, including chemicals. Our operations also produce hazardous waste. We generally contract with third parties for the disposal of these materials and wastes. We cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from our use of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources. We 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 manufacturing activities. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions.

Recently enacted and future legislations may increase the difficulty and cost for us to obtain regulatory approval of or successfully commercialize our pipeline products and therefore adversely affect our business.

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

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

According to the Notice on Opinions on the Implementation of the "Two Invoice System" in Drug Procurement by Public Medical Institutions (for Trial Implementation) (關於在公立醫療機構藥品採購中推行"兩票制"的實施意見 (試行) 的通知), the Notice on Consolidating the Achievements of Cancelling Drug Markups and Deepening Comprehensive Reforms in Public Hospitals (關於鞏固破除以藥補醫成果持續深化公立醫院綜合改革的通知) and 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), as of the Latest Practicable Date, a few provinces have implemented the "Two Invoice System" in the field of medical consumables. For more details, see "Regulatory Overview." As the implementation of the "two-invoice system" is still at an early stage, and the interpretation and enforcement of such system in the medical device industry are evolving and subject to uncertainty, we cannot predict how the implementation and enforcement will evolve in different provinces in China, or whether and how that will affect our business and results of operations in the future.

We are subject to stringent privacy laws, information security policies and contractual obligations related to data privacy and security, and we may be exposed to risks related to our management of the medical data of subjects enrolled in our clinical trials and other personal or sensitive information.

We routinely receive, collect, generate, store, process, transmit and maintain medical data, treatment records and other personal details of the subjects enrolled in our clinical trials, along with

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

Data protection and privacy laws and regulations generally require clinical trial sponsors and operators and their personnel to protect the privacy of their enrolled subjects and prohibit unauthorized disclosure of personal information. If such institutions or personnel divulge the subjects' private or medical records without their consent, they will be held liable for damage caused thereby. The personal information of patients or subjects for our clinical trials is highly sensitive and we are subject to strict requirements under the applicable privacy protect regulations in the relevant jurisdictions. Whilst we have adopted security policies and measures to protect our proprietary data and patients' privacy, privacy leakage incidents might not be avoided due to hacking activities, human error, employee misconduct or negligence or system breakdown. We also cooperate with third parties including hospitals, CROs and other third-party contractor and consultants for our clinical trials and operations. Any leakage or abuse of patient data by our third-party partners may be perceived by the patients as a result of our failure. In particular, certain industry-specific laws and regulations may affect the collection and transfer of personal data in China, including The Interim Measures for the Administration of Human Genetic Resources (《人類遺傳資源管理暫行辦法》) and the implementation guidelines issued by the Ministry of Science and Technology and Ministry of Health. For details, see "Regulatory Overview—Laws and Regulations Relating to Medical Devices—Sampling and Collecting Human Genetic Resources Filing." It is possible that these laws and regulations may be interpreted and applied in a manner that is inconsistent with our clinical trial practices, potentially resulting in confiscation of human genetic resources samples and associated data and administrative fines. Furthermore, any change in such laws and regulations could affect our ability to use medical data and subject us to liability for the use of such data for previously permitted purposes. Any failure or perceived failure by us to prevent information security breaches or to comply with privacy policies or privacy-related legal obligations, or any compromise of information security that results in the unauthorized release or transfer of personally identifiable information or other patient data, could cause our customers to lose trust in us and could expose us to legal claims.

Complying with all applicable laws, regulations, standards and obligations relating to data privacy, security, and transfers may cause us to incur substantial operational costs or require us to modify our data processing practices and processes. Non-compliance could result in proceedings against us by data protection authorities, governmental entities or others, including class action privacy litigation in certain jurisdictions, which would subject us to significant fines, penalties, judgments and negative publicity. In addition, if our practices are not consistent or viewed as not consistent with legal and regulatory requirements, including changes in laws, regulations and standards or new interpretations or applications of existing laws, regulations and standards, we may

become subject to audits, inquiries, whistleblower complaints, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions and reputational damage. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

RISKS RELATING TO MANUFACTURE AND SUPPLY OF OUR PRODUCTS

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

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 have established a quality control and assurance system and adopted standardized operating procedures in order to prevent quality issues with respect to our products and operation processes. For details of our quality control and assurance system, please refer to the paragraphs headed "Business—Quality Management" in this prospectus. Despite our quality control and assurance system and procedures, we cannot eliminate the risk of product defects or failure. Problems can arise during the manufacturing process for a number of reasons, including equipment malfunction, failure to follow protocols and procedures, defects or other issues in raw material, or human error. 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 or 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 our 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. Although closely managed, disruptions can occur during implementation of new equipment and systems to replace aging equipment, as well as during production line transfers and expansions.

As we expand into new markets, we may face unanticipated surges in demands for our products which could strain our production capacity. If these problems arise or if we otherwise fail to meet our internal quality standards or those of the NMPA or other applicable regulatory body, which include detailed record-keeping requirements, our reputation could be damaged, we could become subject to a safety alert or a recall, we could incur product liability and other costs, product approvals could be delayed, and our business could otherwise be adversely affected.

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

Our principal raw materials for the manufacturing of TAVI products are bovine pericardium and nitinol components. To ensure the quality of our principal raw materials, we only procure bovine pericardium and nitinol frame from selected suppliers that can satisfy our stringent raw material

requirements. In order to acquire raw materials in high quality, we currently rely on a limited number of selected third-party suppliers to supply key raw materials used in the research, development and manufacturing. Although we believe that we have stable and long-term relationships with our existing suppliers and we are also exploring other qualified suppliers, however, we cannot assure you that we will be able to secure a stable supply of qualified raw materials at all times going forward. Further, the custom clearance procedures for importing raw materials could be lengthy and thus could adversely affect the timely supply of such raw materials. If any of these suppliers loses its qualification or eligibility for a variety of reasons including its failure to comply with regulatory requirements, or if we encounter lengthy custom clearance procedures to import certain of our raw materials, we may experience delays in the supply of our raw materials and interruption in our manufacturing process. In addition, we are also exposed to risks associated with fluctuations in prices of raw materials, a significant increase in the costs of raw materials may disrupt our operations and have a directly negative impact on our gross margin. In particular, during the Track Record Period, certain raw materials were procured from the MicroPort Group on normal commercial terms or better when compared with other third-party suppliers. For details, see "Connected Transactions—Continuing Connected Transactions—B. Non-exempt Continuing Connected Transactions." Going forward, if we choose to procure these raw materials from other third-party suppliers, we may not achieve similar commercial terms as compared to those from MicroPort Group and our costs of raw material may further increase, which will have a negative impact on our gross margin.

General economic conditions could also adversely affect the financial viability of our suppliers, resulting in their inability to provide materials and components used in the manufacture of our products. In addition, some of our suppliers are located outside China, therefore trade or regulatory embargoes imposed by foreign countries or China could result in delays or shortages of our raw materials that could harm our business. In particular, in recent months, trade tensions between China and Australia have escalated and China has imposed trading restrictions on imports of certain products from Australia, where we primarily procure bovine pericardium for VitaFlow™. As advised by our PRC Legal Advisers, based on their search of recent announcement of the official website of General Administration of Customs of the PRC (中華人民共和國海關總署) and the Ministry of Commerce of the PRC (中華人民共和國商務部), as of the Latest Practicable Date there had been no restrictions in China that materially and adversely affect bovine pericardium from Australia. However, the development of the trade policy between China and Australia and the trading restriction on imports from Australia imposed by China as well as the related impact on our business are unclear at this time. We cannot foresee whether and how developments in these trading restrictions, or other trading restrictions taken by the Australia or Chinese government will impact our business and financial performance. If we are unable to identify alternative materials or suppliers and secure approval for their use in a timely manner, our business could be harmed.

We may face damage to, destruction of or interruption of production at our facilities, which could interrupt our development plans or commercialization efforts and if we fail to raise our production capacity and construct the new manufacturing facility as planned, our business prospects could be materially and adversely affected.

As of the Latest Practicable Date, we had two manufacturing facilities in Shanghai in compliance with GMP standard, namely the Nanhui Facility and the Zhangjiang Facility, with a total GFA of approximately 3,863.8 square meters. Our facilities may be harmed or rendered inoperable by

physical damage from fire, floods, earthquakes, typhoons, tornadoes, power loss, telecommunications failures, break-ins, and similar events. Any interruption in manufacturing operations at our manufacturing facilities could result in our inability to satisfy the demands of our clinical trials or commercialization. There can be no assurance that our existing manufacturing facilities will produce products in sufficient volumes in the event of any significant change in market demand. In such event, we may have to engage third parties to produce a portion of such products. Consequently, we are 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.

Advances in manufacturing techniques may render our facilities and equipment inadequate or obsolete, and therefore we may also need to develop advanced manufacturing techniques and process controls in order to fully utilize our facilities. If we are unable to do so, or if the process to do so is delayed, or if the cost of this scale up is not economically feasible for us or we cannot find a third-party supplier, we may not be able to supply our products in a sufficient quantity to meet future demand, which would limit our development and commercialization activities and our opportunities for growth.

Our utilization rate for our major product, VitaFlow™ in 2019 and the seven months ended July 31, 2020 was 86.2% and 63.1%, respectively. To scale up our production capacity, we have engaged a third party to construct a new manufacturing facility in Shanghai with a total GFA of approximately 13,000 square meters. We expect that the new manufacturing facility will commence production in 2022. New manufacturing facility may require prior review by regulatory authorities and/or approval of the manufacturing process and procedures in accordance with applicable requirements. This review may be costly and time-consuming and could delay or halt the launch of our products. The new facility will also be subject to pre-approval inspection. In addition, we have to demonstrate that the products made at the new facility are equivalent to the products made at the former facility by physical and chemical methods, which are costly and time consuming. Regulatory authorities may also require clinical testing as a way to prove equivalency, which would result in additional costs and delay. In the event we fail to increase our production capacity or develop the new manufacturing facility, we may not 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.

We may be subject to product liability lawsuits that could cause us to incur substantial liabilities.

We face an inherent risk of product liability as a result of the commercialization of our products in China and the clinical testing and any future commercialization of our pipeline products globally. For example, we may be sued if our products or pipeline products cause or are perceived to cause injury or are found to be otherwise unsuitable during clinical testing, manufacturing, marketing or sale. During the Track Record Period, we had not experienced any product liability lawsuits that had a material adverse impact on our business operations. However, such product liability claims, if any, may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the medical device product, negligence, strict liability or a breach of warranties. Claims could also be asserted under applicable consumer protection acts. If we cannot successfully defend

ourselves against or obtain indemnification from our collaborators for product liability claims, we may incur substantial liabilities or be required to limit commercialization of our products and pipeline products. Even successful defense would require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in:

- decreased demand for our products and loss of revenue;
- injury to our reputation;
- withdrawal of clinical trial participants and inability to continue clinical trials;
- initiation of investigations by regulators;
- costs to defend the related litigation;
- a diversion of management's time and our resources;
- substantial monetary awards to trial participants or patients, product recalls, withdrawals or labeling, marketing or promotional restrictions;
- exhaustion of any available insurance and our capital resources;
- the inability to commercialize any pipeline product; and/or
- a decline in our Share price.

If we are unable to defend ourselves against such claims in the PRC, among other things, we may be subject to civil liability for physical injury, death or other losses caused by our products and to criminal liability and the revocation of our business licenses if our products are found to be defective. In addition, we may be required to recall the relevant products, suspend sales or cease sales. Even if we are able to successfully defend ourselves against any such product liability claims, doing so may require significant financial resources and the time and attention of our management.

Failure to maintain the inventory levels in line with the level of demand for our products could have a material adverse effect on our business, financial conditions and results of operations.

To operate our business successfully and meet our customers' demands and expectations, we must maintain a certain level of inventory for our products to ensure immediate delivery when required. Furthermore, we are required to maintain an appropriate level of inventory of our raw materials, including bovine pericardium to support our R&D and manufacturing activities. We maintain our inventory levels based on our internal forecasts which are inherently uncertain and we generally keep higher inventory level if we anticipate there will be any interruption to our supply chain. If our forecasted demand is lower than actual demand, we may not be able to maintain an adequate inventory level of our products or manufacture our products in a timely manner, and may lose sales and market share to our competitors. On the other hand, we may be exposed to increased inventory risks due to accumulated excess inventory of our products or raw materials (for example, VitaFlow™ typically has a shelf life of one year and are subject to expiration and VitaFlow™ II is expected to have similar shelf life). During the Track Record Period and up to the Latest Practicable Date, all of the VitaFlow™ we sold to our distributors were within its shelf life. Excess inventory levels may increase our inventory holding costs, risk of inventory obsolescence or write-offs.

Although we monitor the inventory level of our distributors, there is no assurance that such information would be reported to us accurately and/or in a timely manner. As our ability to directly track the inventory levels of distributors is limited and may not be on a real-time basis, it is difficult for us to gather sufficient information and data regarding the market acceptance of our products. As the tracking of inventory levels would provide us with useful information on the market acceptance of our products in a particular region, limitation in accurately tracking the sales and inventory levels of distributors may make it difficult for us to predict sales trends, and we may not be able to implement effective marketing or product strategies. As a result, our business, financial condition and results of operations will be materially and adversely affected.

RISKS RELATING TO OUR RELIANCE ON THIRD PARTIES

We rely on third parties to conduct certain aspects of our clinical trials. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, we may not be able to obtain regulatory approval for or successfully commercialize our pipeline products and our business could be substantially harmed.

As is common practice in our industry, we have engaged and plan to continue to engage third parties, including leading academic institutions, hospitals, clinics, experienced physicians and CRO/SMOs, to assist us in designing, implementing and monitoring our preclinical research and conducting clinical trials. If such third parties with which we contract for preclinical research and clinical trials do not perform in an acceptable manner, or if we suffer setbacks in these preclinical studies or clinical trials, we may be unable to develop and successfully commercialize our pipeline products as anticipated. Therefore, we have less control over the quality, timing and cost of these studies and the ability to recruit trial subjects than if we conducted these trials wholly by ourselves. If we are unable to maintain or enter into agreements with these third parties on favorable terms to us, or if any such engagement with us is terminated, we may be unable to enroll patients on a timely basis or otherwise conduct our trials in the manner we anticipate, and the development of the pipeline products covered by those agreements could be substantially delayed.

In addition, there is no guarantee that these third parties may devote adequate time and resources to our studies or perform as required under their contractual obligations, meet the expected deadlines, maintain of clinical trial information regarding our future pipeline products or in accordance with regulatory requirements, including clinical, laboratory and manufacturing guidelines. Our reliance on these third parties may result in delays in completing, or in failing to complete, these studies if they fail to perform in accordance with the contractual arrangements. If these third parties fail to meet expected deadlines, fail to timely transfer to us any regulatory information, fail to adhere to protocols or fail to act in accordance with regulatory requirements or our agreements with them, or if they otherwise perform in a substandard manner or in a way that compromises the quality and/or accuracy of their activities and/or the data they obtain, then clinical trials of our future pipeline products may be extended, delayed or terminated, or our data generated by those studies may be rejected or not accepted by the applicable regulatory authorities, such as the NMPA and the EMA, which would increase the cost of and the development time for the relevant pipeline product. If any of the preclinical studies or clinical trials of our pipeline products is affected by any of the above-mentioned reasons, we will be unable to meet our anticipated development or commercialization timelines, which would have a material adverse effect on our business and prospects.

We depend on third parties to provide a stable and adequate supply for our pipeline development and manufacturing needs.

During the Track Record Period, we relied on third parties to supply raw materials, such as bovine pericardium and nitinol components, used in research and development, and the manufacturing of pipeline products for clinical trials and for commercial sales. We expect to continue to rely on third parties to supply raw materials for the research, development and commercialization of our pipeline products. See "Business—Raw Materials and Suppliers."

While we work closely with suppliers to monitor their financial viability, assure continuity of supply, and maintain high quality and reliability, these efforts may not be successful. In addition, due to the rigorous regulations and requirements of the NMPA and/or foreign regulatory authorities regarding the manufacture of our products (including the need for approval of any change in supply arrangements), we may have difficulty establishing additional or replacement sources in a timely manner or at all if the need arises. Certain suppliers may also elect to no longer service medical device companies due to the high amount of requirements and regulation or failure to supply the raw materials in a timely manner or at all due to any other causes such as the act of God. In addition, we also require adequate and increasing amount of raw materials for commercial-scale manufacturing in anticipation of more marketing approvals to be received in the coming years. Our suppliers may not be able to keep up with our growth needs or may reduce or cease their supply of materials to us at any time. In addition, we cannot assure you that our suppliers have obtained and will be able to renew all licenses, permits and approvals necessary for their operations or comply with all applicable laws and regulations, and failure to do so by them may lead to interruption in their business operation, which in turn may result in shortage of materials supplied to us. Furthermore, some of our suppliers are based overseas and may need to maintain export or import licenses to continue supplying to us. Any interruption in our supply of materials due to any of the above or for any other reason would force us to procure supplies from replacement suppliers, which may not be available to us on commercially favorable terms or with sufficient quantities or at all. This in turn could have a material adverse effect on our business, financial condition and results of operations.

We may fail to maintain or renew relationships with distributors, or further expand our network of distributors.

We rely on third-party distributors to distribute our products. Our ability to maintain and expand our business will depend on our ability to maintain effective distributor networks that ensure timely distribution of our products to the relevant markets where we generate market demand through our sales and marketing activities. We rely on our distribution agreements to manage our distributors. However, our distributors are all third parties over whom we have limited control. Moreover, in line with industry practice, we typically enter into agreements with our distributors for a term of one year, which requires us to continually renew distribution agreements across our distributor network in order to maintain the relationship with our distributors. Our distributors might elect not to renew their agreements with us or otherwise terminate their business relationships with us for various reasons, including in the event that PRC pricing regulations or other factors limit the margins our distributors can obtain through the resale of our products to hospitals and medical institutions. For details, see "Business—Sales and Marketing."

For the year ended December 31, 2019 and the seven months ended July 31, 2020, the aggregate sales to our five largest customers were RMB14.9 million and RMB28.2 million, representing 69.4% and 58.2% of our total revenue, respectively. Sales to the largest customer in 2019 and the seven months ended July 31, 2020 were RMB5.8 million and RMB10.6 million, representing 27.1% and 21.8% of our total revenue, respectively. All of our five largest customers in 2019 and the seven months ended July 31, 2020 were our distributors. We believe alternative distributors are readily available in China. However if any of our large distributors, or a significant number of our distributors, voluntarily or involuntarily suspend or terminate their relationships with us, or we are otherwise unable to maintain and expand our distributor network effectively, our sales volume and business prospects could be adversely affected. For further information, see "Business—Customers."

In addition, although we typically require distributors to make payments in full on the next business day after receiving our notice of the confirmation to the purchase orders, however, if we ever experience any delays in collecting payments from distributors, our cash flows and operations could be adversely affected and we could be required to terminate our relationships with distributors in a manner that will impair the effective distribution of our products.

We may fail to effectively manage our network of distributors.

We have limited control over the operations and actions of our distributors, all of whom, to the best of 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—Customers—Distributor Inventory Management." We also adopt robust measures and selection criteria to manage the anti-bribery and anti-corruption risks involved with our distributors. For details, see "Business—Customers—Selection of Distributors" and "Business—Risk Management and Internal Control." 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;
- failing to adequately promote our products;
- failing to provide proper training and after-sales services to our end-users;
- 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.

Moreover, some of our distributors may engage sub-distributors to distribute our products. We do not engage these sub-distributors directly or maintain contractual relationships with them, and mainly rely on our distributors to manage and control their sub-distributors in accordance with regulatory requirements, the terms of the distribution agreements we entered into with our distributors and our policies and measures that our distributors agree to comply with. As a result, we have a more limited control over these sub-distributors. There is no assurance that the sub-distributors will comply with the geographical restrictions we have agreed with our distributors, distribute only to authorized hospitals or other medical institutions or comply with other distribution requirements under our distribution agreements and policies. Furthermore, we cannot assure you that we will be able to identify or correct all the sub-distributors' practices that are detrimental to our business in a timely manner or at all, which may adversely affect our results of operations and reputation. As there is no contractual relationship between us and these sub-distributors, we have no direct legal recourse against them if their activities cause harm to our business or reputation.

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

We may from time to time establish or seek strategic alliances, form joint ventures or collaborations, equity investment, or enter into licensing arrangements with third parties that we believe will complement or augment our development and commercialization efforts with respect to our pipeline products and any future pipeline products that we may develop. As of the Latest Practicable Date, we had collaborated with two medical device companies, ValCare and 4C Medical, in relation to our TMV and TTV pipeline products. For details, see "Business—Our Product Portfolio" and "History, Development and Corporate Structure—Strategic Investments." In addition, Rose Emblem Ltd. or Rose Emblem is accounted for as a joint venture of our Company under the equity method. For details of the accounting treatment of our equity interests in Rose Emblem, see Note 13 to the Accountants' Report in Appendix I to this prospectus.

We face significant competition in seeking appropriate strategic partners and the negotiation process for the collaboration, alliances or licensing arrangements can be time-consuming and complex. Moreover, we may not be successful in our efforts to establish a strategic partnership or other alternative arrangements for our pipeline products because they may be deemed to be at too early of a development stage for collaborative effort and third parties may not view our pipeline products as having the requisite potential to demonstrate safety and efficacy or commercial viability. If and when we collaborate with a third party for development and commercialization of a pipeline product, we can expect to relinquish some or all of the control over the future success of that pipeline product to the third party. Any of these relationships may require us to incur non-recurring and other charges, increase our near and long-term expenditures, issue securities that dilute our existing Shareholders, or disrupt our management and business. For any products or pipeline products that we may seek to in-license from third parties, we may face significant competition from other medical device companies with greater resources or capabilities than us, and any agreement that we do enter may not result in the anticipated benefits.

Further, collaborations involving our products and pipeline products are subject to numerous risks, which may include the following:

- collaborators have significant discretion in determining the efforts and resources that they will apply to a collaboration;
- collaborators could independently develop, or develop with third parties, products that compete directly or indirectly with our products or pipeline products;
- collaborators may not properly maintain or defend our intellectual property rights or may use our intellectual property or proprietary information in a way that gives rise to actual or threatened litigation that could jeopardize or invalidate our intellectual property or proprietary information or expose us to potential liability;
- collaborators may not pursue development and commercialization of our pipeline products or may elect not to continue or renew development or commercialization programs based on clinical trial results, or change their strategic focus due to the acquisition of competitive products, availability of funding, or other external factors, such as a business combination that diverts resources or creates competing priorities;
- collaborators may delay clinical trials, provide insufficient funding for a clinical trial, stop a clinical trial, abandon a pipeline product, repeat or conduct new clinical trials, or require a new design of a pipeline product for clinical testing;
- a collaborator with marketing and distribution rights to one or more products may not commit sufficient resources to their marketing and distribution;
- disputes may arise between us and a collaborator that cause the delay or termination of the research, development or commercialization of our pipeline products, or that result in costly litigation or arbitration that diverts management attention and resources;
- collaborations may be terminated and, if terminated, may result in a need for additional capital to pursue further development or commercialization of the applicable pipeline products; and/or
- collaborators may own or co-own intellectual property covering our products that results from our collaborating with them, and in such cases, we would not have the exclusive rights to commercialize such intellectual property.

As a result, if we enter into collaboration agreements and strategic partnerships or license our products, we may not be able to timely realize the benefit of such transaction if we are unable to successfully integrate such products with our existing operations and company culture, which could delay our timelines or otherwise adversely affect our business. We also cannot be certain that, following a strategic transaction or license, we will achieve the revenue or specific net income that justifies such transaction. If we are unable to reach agreements with suitable collaborators on a timely basis, on acceptable terms, or at all, we may have to curtail the development of a pipeline product, reduce or delay its development program or one or more of our other development programs, delay its potential commercialization or reduce the scope of any sales or marketing activities, or increase our

expenditures and undertake development or commercialization activities at our own expense. If we elect to fund and undertake development or commercialization activities on our own, we may need to obtain additional expertise and additional capital, which may not be available to us on acceptable terms or at all. If we fail to enter into collaborations and do not have sufficient funds or expertise to undertake the necessary development and commercialization activities, we may not be able to further develop our pipeline products or bring them to market and generate product sales revenue, which would harm our business prospects, financial condition and results of operations.

Additionally, there can be no assurance that any joint venture will achieve the results intended and we may be subject to liquidity risk if no dividend is declared by such joint venture. Any disputes or breaches by the joint venture, or the inability of the joint venture to fulfill contractual obligations or declare dividends due to its businesses or financial condition, could have an adverse effect on our business, financial condition and results of operations. Additionally, the investment in joint venture are not as liquid as other investment products such as short-term wealth management products, since there is no cash flow until dividends received even if profits are reported under equity accounting. Therefore, our financial condition and results of operations might be affected by the share of results of joint venture.

RISKS RELATING TO OUR INTELLECTUAL PROPERTY RIGHTS

We could be unsuccessful in obtaining or maintaining adequate patent protection for our products and pipeline products through intellectual property rights, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties may compete directly against us.

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

Patents may be invalidated and patent applications may not be granted for a number of reasons, including known or unknown prior deficiencies in the patent application or the lack of novelty of the underlying invention or technology. We may also fail to identify patentable aspects of our R&D output in time to obtain patent protection. Moreover, the patent position of medical devices companies is generally uncertain because it involves complex legal and factual considerations. Patent applications we had applied may not be granted in the end. As such, we do not know the degree of future protection that we will have on our products and technology, if any, and a failure to obtain adequate intellectual property protection with respect to our pipeline products could have a material adverse impact on our business.

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

The issuance of a patent is not conclusive as to its inventor, scope, validity or enforceability, and our patents may be challenged in the courts or patent offices in the PRC, the United States and other countries. We may be subject to a third-party pre issuance submission of prior art to the CNIPA, EUIPO, USPTO or other related intellectual property offices, or become involved in post-grant proceedings such as opposition, derivation, revocation and re-examination, or *inter partes* review, or interference proceedings or similar proceedings in foreign jurisdictions challenging our patent rights or the patent rights of others. In particular, as of the Latest Practicable Date, the European Patent Office had received an opposition filed by a third party with respect to one of our patent relating to our TAVI products and the European Patent Office had not reached its rulings with respect to such opposition. Please see "Business—Intellectual Property." for details. An adverse determination in any such submission, proceeding or litigation could reduce the scope of, or invalidate, our patent rights, allow third parties to commercialize our technology, products or pipeline products and compete directly with us without payment to us, or result in our inability to manufacture or commercialize products and pipeline products without infringing, misappropriating or otherwise violating third-party patent rights. Moreover, we may have to participate in interference proceedings declared by the CNIPA, EUIPO, USPTO or other related intellectual property offices to determine priority of invention or in post-grant challenge proceedings, such as oppositions in a foreign patent office, that challenge the priority of our invention or other features of patentability of our patents and patent applications. Such challenges may result in loss of patent rights, loss of exclusivity, or in patent claims being narrowed, invalidated, or held unenforceable, which could limit our ability to stop others from using or commercializing similar or identical technology and products, or limit the duration of the patent protection of our technology, products and pipeline products. Such proceedings also may result in substantial costs and require significant time from our scientists, experts and management, even if the eventual outcome is favorable to us. Consequently, we do not know whether any of our technologies, products or pipeline products will be protectable or remain protected by valid and enforceable patents. Our competitors or other third parties may be able to circumvent our patents by developing similar or alternative technologies or products in a non-infringing manner.

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

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

We may not be able to protect our intellectual property rights.

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

As of the Latest Practicable Date, we owned 98 patents and had 82 pending patent applications in China. To facilitate our strategy to enter overseas market, we also own 55 patents in UK, Italy, Germany, France, Spain, America, Korea, Australia and Brazil, among others. All of the patents that we owned or applied for are related to self-developed technologies by our in-house R&D team. In addition, as of the Latest Practicable Date, we also owned 31 trademarks in China and overseas. If we are unsuccessful in obtaining trademark protection for our primary brands, we may be required to change our brand names, which could materially adversely affect our business. Moreover, as our products mature, our reliance on our trademarks to differentiate us from our competitors will increase, and as a result, if we are unable to prevent third parties from adopting, registering or using trademarks and trade dress that infringe, dilute or otherwise violate our trademark rights, our business could be materially adversely affected.

Many companies have encountered significant problems in protecting and defending intellectual property rights in countries such as China. The legal system in these countries could make it difficult for us to stop the infringement, misappropriation or other violation of our patents or other intellectual property rights, or 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.

We may become involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time consuming and unsuccessful and may delay us from developing or commercializing our pipeline products. Our patent rights relating to our products and pipeline products could be found invalid or unenforceable if being challenged.

Competitors may infringe our patent rights or misappropriate or otherwise violate our intellectual property rights. To counter infringement or unauthorized use, litigation may be necessary in the future to enforce or defend our intellectual property rights, to protect our trade secrets or to determine the validity and scope of our own intellectual property rights or the proprietary rights of others. This can be expensive and time consuming. Any claims that we assert against perceived infringers could also provoke these parties to assert counterclaims against us alleging that we infringe their intellectual property rights. Third parties may also raise similar claims before administrative bodies in China or abroad, even outside the context of litigation. Such proceedings could result in revocation or amendment to our patents in such a way that they no longer cover and protect our products or pipeline products. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property. An adverse result in any litigation proceeding could put our patents, as well as any patents that may issue in the future from our pending patent applications, at risk of being invalidated, held unenforceable or interpreted narrowly. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, some of our confidential information could be compromised by disclosure during this type of litigation.

If third parties bring successful claims against us for infringement of their intellectual property rights, we may be subject to injunctive or other equitable relief, which could prevent us from developing and commercializing one or more of our pipeline products. Defense of these claims, regardless of their merit, would involve substantial litigation expense and would substantially divert resources from our business. In the event of a successful claim against us of infringement or misappropriation, or a settlement by us of any such claims, we may have to pay substantial damages, in the case of willful infringement, pay royalties or redesign our infringing pipeline products, which may be impossible or require substantial time and cost. In the event of an adverse result in any such litigation, or even in the absence of litigation, we may need to obtain licenses from third parties to advance our research or allow commercialization of our pipeline products. Any such license might not be available on reasonable terms or at all. In the event that we are unable to obtain such a license, we would be unable to further develop and commercialize one or more of our pipeline products, which could harm our business significantly. We may also elect to enter into license agreements in order to settle patent infringement claims or to resolve disputes prior to litigation, and any such license agreements may require us to pay royalties and other fees that could significantly harm our business.

Even if litigation or other proceedings are resolved in our favor, there could be public announcements of the results of hearings, motions or other interim proceedings or developments, and

if securities analysts or investors perceive these results to be negative, this could have a substantial adverse effect on the market price of our Shares. Such litigation or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing or distribution activities. We may not have sufficient financial or other resources to adequately conduct such litigation or proceedings. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace.

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

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

We may face intellectual property dispute with our business partners.

We may from time to time establish or seek strategic alliances that we believe will complement or augment our development and commercialization efforts with respect to our pipeline products and any future pipeline products that we may develop and we will seek to enjoy the intellectual property rights through intellectual property delegation, join intellectual property application or in-licensing arrangements. As of the Latest Practicable Date, we had collaborated with two medical device companies, ValCare and 4C Medical, in relation to three TMV pipeline products and one TTV pipeline product. For details, see "Business—Collaboration with Third Parties." We cannot assure that we will not be subject to intellectual property claims brought by our business partners or any third party. We may be subject to injunctions, damages or other reliefs if such claims are successful, which could prevent us from developing and commercializing such pipeline products.

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

In addition to our issued patent and pending patent applications, we rely on trade secrets, including unpatented know-how, technology and other proprietary information, to maintain our competitive position and to protect our products and pipeline products. We seek to protect these trade

secrets, in part, by entering into non-disclosure and confidentiality agreements or include such undertakings in the agreement with parties that have access to them, such as our employees, external scientific collaborators, external advisers, sponsored researchers, consultants, advisors and other third parties. We also enter into employment agreement or consulting agreement with our employees and consultants that includes undertakings regarding assignment of inventions and discoveries. 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. Some of these employees, including one of our senior management, are subject to proprietary rights, non-disclosure and non-competition obligations in connection with such previous employment. Although we try to ensure that our employees do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these employees have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such employee's former employer. We are not aware of any material threatened or pending claims related to these matters or concerning the agreements with our senior management, but in the future litigation may be necessary to defend against such claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

In addition, while we typically require our employees and consultants involved in the development of intellectual property to execute agreements assigning such intellectual property to us, 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.

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 OUR OPERATIONS

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

Since early 2020, a growing number of countries and regions around the world have encountered an outbreak of COVID-19 or Novel Coronavirus Pneumonia, a highly contagious disease known to cause respiratory illness. The disease quickly spread within the PRC and globally, and the affected cases and death tolls continued to increase. The World Health Organization (the "WHO") declared the outbreak a Public Health Emergency of International Concern on January 30, 2020, and on March 11, 2020, amid the escalating situation, the WHO further characterized COVID-19 as a global pandemic. The spread of COVID-19 continues to affect China, where we conduct our business and engage in preclinical studies and clinical trials, as well as certain other countries and regions where we are conducting global clinical trials.

Our business, including our existing and future clinical and preclinical trials, as well as our ability to continue to manage it effectively, could be impacted by the current pandemic or future continuance or reoccurrence of COVID-19 in numerous ways, including but not limited to: (i) requirements for us to quarantine certain of our employees or facilities or take extra security precautions for our operations, which may result in higher costs; (ii) delay or interruption of the supply of raw materials; (iii) delay in patient enrollment for our clinical trials; (iv) diversion of medical resources required for our clinical trials for the treatment of patients with COVID-19; (v) lowered demand by hospitals for TAVI products, which commenced commercial sales in August 2019, as many patients rescheduled their visits to hospitals to avoid cross-infections; (vi) temporary closure or flexible working hours of competent regulatory authorities, such as administration and registration authorities, which may delay regulatory submissions and required approvals of our pipeline products, and could cause us to incur additional costs and affect our ability to carry out our operations as planned.

To protect our employee and slow down the spread of the virus in strict compliance with national governments' instructions, we temporarily suspended our business operations, including some clinical trial development, manufacturing, sales and marketing related works, from the end of Chinese New Year holidays to early February, 2020. Although we have resumed operations, the COVID-19 outbreak has negatively impacted our business and financial performance, and our revenue for the seven months ended July 31, 2020 has been significantly affected by the COVID-19 pandemic as the sales of our TAVI product has been decreased primarily due to the decreases in the hospital treatment rate of patients with aortic stenosis. In addition, the recent COVID-19 outbreak in Europe has negatively impacted our ongoing clinical trials as patient enrollment and patient follow-ups were temporarily suspended. The COVID-19 outbreak may have a negative impact on the local, national and global economy and financial and market conditions.

The full effects of the current COVID-19 pandemic or future outbreaks on our business or our industry will depend on a number of factors outside our control, including the extent to which the current pandemic continues to spread, particularly in China and the other countries in which we are conducting clinical trials, and the level of the medical resources needed to treat COVID-19 patients in those countries, as well as the impact of the COVID-19 pandemic on our employees, subject participating in our clinical trials, the personnel and the oversea supplement that are necessary to continue our clinical trials and our CROs, and such effects could be material. Furthermore, we cannot predict when the COVID-19 outbreak will become completely under control and we cannot guarantee that the COVID-19 outbreak will not worsen. Having considered that the past occurrences of epidemics, depending on their scale, have caused different degrees of damage to the national and local economies in China, the COVID-19 outbreak and any other public health crisis in China especially in the cities where we have presence, may result in material disruptions to our operations, which in turn may materially and adversely affect our financial condition and results of operations.

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

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

To induce valuable employees to remain at our Company, in addition to salary and cash incentives, we have provided share awards to our employees. The value to employees of these equity grants may be significantly affected by movements in the Share price that are beyond our control, and may at any time be insufficient to counteract more lucrative offers from other companies. Although we have employment agreements with our key employees including the non-competition arrangements for key scientific employees as required under the Listing Rules, any of our employees could leave our employment at any time, with or without notice. In addition, we rely on consultants and advisors, including scientific and clinical advisors, to assist us in formulating our discovery, clinical development and commercialization strategy. The loss of the services of our executive officers or other key employees and consultants could impede the achievement of our research, development

and commercialization objectives and seriously harm our ability to successfully implement our business strategy.

Furthermore, replacing executive officers, key employees or consultants may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to successfully develop, gain regulatory approval of and commercialize products. Competition to hire from this limited pool is intense, and we may be unable to hire, train, retain or motivate these key personnel or consultants on acceptable terms given the competition among numerous medical device companies for similar personnel. We also experience competition for the hiring of R&D and clinical personnel from universities and research institutions. Our consultants and advisors may be engaged by our competitors and may have commitments under consulting or advisory contracts with other entities that may limit their availability to us. If we are unable to continue to attract and retain high quality personnel, our ability to pursue our growth strategy will be limited.

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

We have a limited operating history compared to some of our competitors. Our operations to date have focused on business planning, raising capital, establishing our intellectual property portfolio and conducting preclinical studies and clinical trials of our pipeline products and the commercialization of our products. With respect to VitaFlow™, we are also still in early stages of their lifecycle. Other than VitaFlow™, a majority of our pipeline products are still at various development stages, and we have not yet demonstrated ability to successfully obtain regulatory approvals for any such pipeline products.

Our limited operating history, particularly in light of the rapidly evolving nature of our industry, may make it difficult to evaluate our current business and reliably predict our future performance. Any predictions you make about our future success or viability may be subject to uncertainty and may not be as accurate as they could be if we had a longer operating history. We may encounter risks and difficulties frequently experienced by early-stage companies in rapidly evolving fields as we seek to transit to a company capable of supporting commercial activities. In addition, as a new business, we may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors. If we do not address these risks and difficulties successfully, our business will suffer.

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

As we seek to advance our pipeline products through clinical trials, we will need to expand our development, regulatory, manufacturing, marketing and sales capabilities or contract with third parties to provide these capabilities for us. As our development and commercialization plans and strategies evolve, we need to recruit a significant number of additional managerial, operational, manufacturing, sales, marketing, financial and other personnel. As our operations expand, we expect that we will need to manage additional relationships with various strategic partners, suppliers and other third parties. Future growth will impose significant added responsibilities on members of management. Our recent growth and any future growth will impose significant added responsibilities on members of management, including:

- identifying, recruiting, integrating, maintaining and motivating additional employees;

- managing our internal development efforts effectively, including the clinical and regulatory authority review process for our pipeline products, while complying with our contractual obligations to contractors and other third parties; and
- improving our operational, financial and management controls, reporting systems and procedures.

Our future financial performance and our ability to develop and commercialize our products and pipeline products and to compete effectively will depend, in part, on our ability to effectively manage our recent growth and any future growth, and our management may also have to divert a disproportionate amount of its attention away from day-to-day activities in order to devote a substantial amount of time to managing these growth activities.

We currently rely, and for the foreseeable future will continue to rely, in substantial part on certain independent organizations, advisors and consultants to provide certain services. There can be no assurance that the services of these independent organizations, advisors and consultants will continue to be available to us on a timely basis when needed, or that we can find qualified replacements. There can be no assurance that we will be able to manage our existing consultants or find other competent outside contractors and consultants on economically reasonable terms, if at all.

If we are not able to effectively manage our growth and further expand our organization by hiring new employees and expanding our groups of consultants and contractors as needed, we may not be able to successfully implement the tasks necessary to further develop and commercialize our products and pipeline products and, accordingly, may not achieve our research, development and commercialization goals. To that end, we must be able to manage our development efforts and clinical trials effectively and hire, train and integrate additional management, administrative and sales and marketing personnel. We may not be able to accomplish these tasks, and our failure to accomplish any of them could prevent us from successfully growing our Company.

If we engage in acquisitions or strategic partnerships, this may increase our capital requirements, cause us to incur debt or assume contingent liabilities, and subject us to other risks.

From time to time, we may evaluate various acquisitions and strategic partnerships, including licensing or acquiring complementary products, intellectual property rights, technologies or businesses. Any completed, in-process or potential acquisition or strategic partnership may entail numerous risks, including:

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

- risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and their existing products and pipeline products and regulatory approvals; and/or
- our inability to generate revenue from acquired technology and/or products sufficient to meet our objectives in undertaking the acquisition or even to offset the associated acquisition and maintenance costs.

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

If we fail to effectively expand our overseas business, our business prospects may be adversely affected.

We are in the process of conducting clinical trial for VitaFlow™ II in Europe and we will seek product registrations in emerging markets, especially markets that recognize CE Mark or NMPA marketing approvals afterwards, including Argentina, Brazil, India, Thailand, South Korea and Russia. We are also exploring opportunities to expanding our business for VitaFlow™ in emerging markets that recognize the NMPA marketing approval, such as Russia and we had successfully registered VitaFlow™ in Argentina and Thailand in July 2020 and November 2020, respectively. However, our limited experience in overseas markets may expose us to risks and uncertainties, including the risks associated with the following:

- dealing with regulatory regimes, regulatory bodies and government policies which may differ materially from those in the PRC or with which we may be unfamiliar;
- substantial time which may be required for us to obtain approval for registering and selling our products in additional countries, especially in developed countries;
- some emerging markets, where we were in the process of establishing our brand awareness, may lack necessary resources;
- commercializing our products in new markets where we have limited experience with the dynamics and no sales and marketing infrastructure;
- some doctors in new markets may lack the knowledge to conduct TAVI procedures and we may need to provide product training to enhance doctors' knowledge and recognition of our products and TAVI procedures;
- reliance on overseas partners or distributors for the distribution, commercialization and marketing of our products;
- product liability litigation and regulatory scrutiny arising from the marketing and sale of products in overseas markets and the costs incurred dealing with such procedures, as well as our ability to obtain insurance to adequately protect us from any resulting liabilities;
- unexpected changes in tariffs, trade barriers and regulatory requirements;
- economic weakness and inflation;

- difficulty of effective enforcement of contractual provisions in local jurisdictions;
- compliance with tax, employment, immigration and labor laws for employees traveling abroad;
- the effects of applicable foreign tax structures and potentially adverse tax consequences;
- currency fluctuations, which could result in increased operating expenses and reduced revenue;
- workforce uncertainty and labor unrest; and
- business interruptions resulting from geo-political actions, including war and terrorism, sanctions, or natural disasters, including earthquakes, volcanoes, typhoons, floods, hurricanes and fires.

Our business strategy of growth through acquisitions may not succeed.

As part of our business strategy, we may consider to pursue acquisitions that we believe would benefit our business in the future. Our ability to grow through such means depends upon our ability to identify, negotiate, complete and integrate suitable opportunities as well as to obtain the necessary financing and required governmental or third-party consents, approvals and permits in a timely manner. Even if we engage in such acquisitions in the future, we may have limited experience and we may be exposed to the following risks, among others:

- difficulties in integrating any acquired businesses, technologies or personnel into our existing business, particularly integrating different quality control procedures and measures, business, operations, financial and risk management, and other business functions; and
- difficulties in implementing and enforcing our management and internal control mechanisms as well as quality assurance program that timely and adequately respond to our expanded scope of operations.

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.

From time to time, we may be involved in claims, disputes and legal proceedings in our ordinary course of business. These may concern issues relating to, among others, product liability, environmental matters, breach of contract, employment or labor disputes and infringement of intellectual property rights. As of the Latest Practicable Date, we were not involved in any litigations and legal proceedings that may materially affect our research and development of our pipeline products, business and results of operations. On-going or threatened litigation, legal or contractual disputes, investigations or administrative proceedings may divert our management's attention and consume their time and our other resources In addition, any similar claims, disputes or legal proceedings involving us or our employees may result in damages or liabilities, as well as legal and other costs and may cause a distraction to our management. Furthermore, any litigation, legal or contractual disputes, investigations or administrative proceedings which are initially not of material

importance may escalate and become important to us, due to a variety of factors, such as the facts and circumstances of the cases, the likelihood of loss, the monetary amount at stake and the parties involved. If any verdict or award is rendered against us or if we settle with any third parties, we could be required to pay significant monetary damages, assume other liabilities and even to suspend or terminate the related business projects. In addition, negative publicity arising from litigation, legal or contractual disputes, investigations or administrative proceedings may damage our reputation and adversely affect the image of our brands and products. Consequently, our business, financial condition and results of operations may be materially and adversely affected.

We could be exposed to risks related to our management of the medical data of subjects enrolled in our clinical trials.

Our clinical trials routinely collect and maintain medical data, treatment records and other personal details of enrolled subjects. Laws and regulations of the various jurisdictions in which we conduct our clinical trials generally require clinical trial sponsors and operators and their personnel to protect the privacy of their enrolled subjects and prohibit unauthorized disclosure of personal information. Such institutions and personnel will be liable for damage caused by divulging the subjects' private or medical records without consent. We have taken measures to maintain the confidentiality of the medical records and personal data of subjects enrolled in our clinical trials, including encrypting such information in our information technology system so that it cannot be viewed without proper authorization, and setting internal rules requiring our employees to maintain the confidentiality of our subjects' medical records. However, these measures may not be always effective due to human error, employee misconduct or system breakdown.

In addition, our clinical trials frequently also involve professionals from third-party institutions working on-site with our staff and enrolled subjects. We also cooperate with third parties including principal investigators, hospitals, CROs and SMOs for our clinical trials. We cannot ensure that such persons will always comply with our data privacy measures. Any leakage or abuse of patient data by our third-party partners may be perceived by the patients as a result of our failure. Any failure or perceived failure by us to prevent information security breaches or to comply with privacy policies or privacy-related legal obligations, or any compromise of information security that results in the unauthorized release or transfer of personally identifiable information or other patient data, could cause our customers to lose trust in us and could expose us to legal claims. Whilst we have made efforts to ensure our compliance with the applicable privacy regulations in various jurisdictions, we may not be capable of adjusting our internal policies in a timely manner and any failure to comply with applicable regulations could also result in regulatory enforcement actions against us. Furthermore, any change in such laws and regulations could affect our ability to use medical data and subject us to liability for the use of such data for previously permitted purposes. Any failure to protect the confidentiality of subjects' medical records and personal data, or any restriction on or liability as a result of, our use of medical data, could have a material adverse effect on our business, financial condition and results of operations.

Our internal IT systems may fail or suffer security breaches.

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

event were to occur and cause interruptions in our operations, it could result in a material disruption of our development programs and our business operations.

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

We could be subject to risks caused by misappropriation, misuse, leakage, falsification or intentional or accidental release or loss of information maintained in the information systems and networks of our Company and our vendors, including personal information of our employees and patients, and company and vendor confidential data. In addition, outside parties may attempt to penetrate our systems or those of our vendors or fraudulently induce our personnel or the personnel of our vendors to disclose sensitive information in order to gain access to our data and/or systems. Like other companies, we have on occasion experienced, and will continue to experience, threats to our data and systems, including malicious codes and viruses, phishing, and other cyber-attacks. The number and complexity of these threats continue to increase over time. If a material breach of our information technology systems or those of our vendors occurs, the market perception of the effectiveness of our security measures could be harmed and our reputation and credibility could be damaged. We could be required to expend significant amounts of money and other resources to repair or replace information systems or networks. In addition, we could be subject to regulatory actions and/or claims made by individuals and groups in private litigation involving privacy issues related to data collection and use practices and other data privacy laws and regulations, including claims for misuse or inappropriate disclosure of data, as well as unfair or deceptive practices. Although we develop and maintain systems and controls designed to prevent these events from occurring, and we have a process to identify and mitigate threats, the development and maintenance of these systems, controls and processes is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become increasingly sophisticated. Moreover, despite our efforts, the possibility of these events occurring cannot be eliminated entirely. As we outsource more of our information systems to vendors, engage in more electronic transactions with payors, and rely more on cloud-based information systems, the related security risks will increase and we will need to expend additional resources to protect our technology and information systems.

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

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

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

If we fail to comply with applicable anti-bribery laws, our reputation may be harmed and we could be subject to penalties and significant expenses that have a material adverse effect on our business, financial condition and results of operations. We may be unable to detect, deter and prevent all instances of fraud or other misconduct committed by our employees or other third parties.

If we fail to comply with applicable anti-bribery laws, our reputation may be harmed and we could be subject to penalties and significant expenses that have a material adverse effect on our business, financial condition and results of operations. We are subject to the anti-bribery laws of various jurisdictions, particularly in China, that generally prohibits companies and their intermediaries from making payments to government officials for the purpose of obtaining or retaining business or securing any other improper advantage. Although we have policies and procedures designed to ensure that we, our employees and our agents comply with anti-bribery laws, there is no assurance that such policies or procedures will prevent our agents, employees and intermediaries from engaging in bribery activities we acquire. Failure to comply with anti-bribery laws could disrupt our business and lead to severe criminal and civil penalties, including imprisonment, criminal and civil fines, loss of our export licenses, suspension of our ability to do business with the government, denial of government reimbursement for our products and/or exclusion from participation in government healthcare programs. Other remedial measures could include further changes or enhancements to our procedures, policies, and controls and potential personnel changes and/or disciplinary actions, any of which could have a material adverse effect on our business, financial condition, results of operations and liquidity. We could also be adversely affected by any allegation that we violate such laws.

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 future. Although we consider our internal control policies and procedures to be adequate, 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.

Our insurance coverage may not completely cover the risks relating to our business and operations

Our operations are subject to hazards and risks associated with our research and manufacturing operations, which may cause significant harm to persons or damage to properties. We maintain different types of insurance policies, such as personal accident insurance. For details, see "Business—Insurance." We maintain insurance policies that are required under PRC laws and regulations as well as based on our assessment of our operational needs and industry practice. In line with industry practice in the PRC, we have elected not to maintain certain types of insurances, such as product liability insurance (except for product candidates in clinical trial) and fixed asset insurance. Our insurance coverage may be insufficient to cover any claim for product liability, damage to our fixed assets or employee injuries. There is no assurance that our insurance policies will be adequate to cover all losses incurred. Losses incurred and associated liabilities may have a material adverse effect on our results of operation if such losses or liabilities are not covered by our insurance policies.

Specifically, we currently carry product liability insurance covering our clinical trials. Although we maintain such insurance, any claim that may be brought against us could result in a court judgment or settlement in an amount that is not covered, in whole or in part, by our insurance or that is in excess of the limits of our insurance coverage. Our insurance policies also have various exclusions, and we may be subject to a product liability claim for which we have no coverage. We will have to pay any amounts awarded by a court or negotiated in a settlement that exceed our coverage limitations or that are not covered by our insurance, and we may not have, or be able to obtain, sufficient capital to pay such amounts.

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

Any negative publicity concerning us, our affiliates or any entity that shares the name of the Company, even if untrue, could adversely affect our reputation and business prospects. We cannot assure you that negative publicities about us or any of our Controlling Shareholder, our affiliates or any entity that shares the "MicroPort" name of the Company would not damage our brand image and such unauthorized use of our brand name by any third parties may adversely affect the value of our brand name, reputation and business. In addition, any legal actions including litigation to enforce our rights to our brand name may involve significant costs and divert of our limited resources. This may result in a material adverse effect on our business, operation results and financial condition.

We, our Shareholders, Directors, officers, employees, PIs, KOLs, distributors, sub-distributors, suppliers, 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, PIs, KOLs, distributors, sub-distributors, suppliers, 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.

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

Our Controlling Shareholder has substantial influence over our business, including matters relating to our management, policies and decisions regarding acquisitions, mergers, expansion plans, consolidations and sales of all or substantially all of our assets, election of Directors and other significant corporate actions. Immediately after completion of the Share Subdivision and the Global Offering, assuming the Over-allotment Option is not exercised, our Controlling Shareholder will hold (including direct and indirect shareholdings) approximately 45.59% of the issued share capital in our Company. Our Controlling Shareholders will, through their voting power at the Shareholders meetings and their delegates on the Board, have substantial influence over our business and affairs, including decisions in respect of mergers or other business combinations, acquisition or disposition of assets, issuance of additional shares or other equity securities, timing and amount of dividend payments, and our management. Our Controlling Shareholders may not act in the best interests of our minority

Shareholders. This concentration of ownership may also discourage, delay or prevent a change in control of our Company, which could deprive other Shareholders of an opportunity to receive a premium for their Shares as part of a sale of our Company and might reduce the price of our Shares. These events may occur even if they are opposed by our other Shareholders. In addition, the interests of our Controlling Shareholder may differ from the interests of our other Shareholders. It is possible that our Controlling Shareholder may exercise its substantial influence over us and cause us to enter into transactions or take, or fail to take, actions or make decisions that conflict with the best interests of our other Shareholders.

RISKS RELATING TO DOING BUSINESS IN CHINA

The medical device industry in China is highly regulated and such regulations are subject to change which may affect approval and commercialization of our pipeline products.

We conduct the majority of our operations in China. The medical device industry in China is subject to comprehensive government regulation and supervision, encompassing the approval, registration, manufacturing, packaging, licensing and marketing of new devices. See "Regulatory Overview" for a discussion of regulatory requirements that are applicable to our current and planned business activities in China. In recent years, the regulatory framework in China regarding the medical device industry has undergone significant changes, and we expect that it will continue to undergo significant changes. Any such changes or amendments may result in increased compliance costs on our business or cause delays in or prevent the successful development or commercialization of our pipeline products in China and reduce the benefits we believe are available to us from developing and manufacturing products in China. PRC authorities have become increasingly vigilant in enforcing laws in the medical device industry and any failure by us or our partners to maintain compliance with applicable laws and regulations or obtain and maintain required licenses and permits may result in the suspension or termination of our business activities in China. We believe our strategy and approach is aligned with the PRC government's policies, but we cannot ensure that our strategy and approach will continue to be aligned.

PRC economic, political, social conditions as well as government policies could materially and adversely affect our business, financial condition, results of operations and prospects.

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

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

may cause decreased economic activity in China, which may adversely affect our business and results of operation. More generally, if the business environment in China deteriorates from the perspective of domestic or international investment, our business in China may also be adversely affected.

We may be subject to natural disasters, acts of war or terrorism or other factors beyond our control.

Natural disasters, acts of war or terrorism or other factors beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the regions where we conduct our business. Our operations may be under the threat of floods, earthquakes, sandstorms, snowstorms, fire or drought, power, water or fuel shortages, failures, malfunction and breakdown of information management systems, unexpected maintenance or technical problems, or are susceptible to potential wars or terrorist attacks. Serious natural disasters may result in loss of lives, injury, destruction of assets and disruption of our business and operations. Acts of war or terrorism may also injure our employees, cause loss of lives, disrupt our business network and destroy our markets. Any of these factors and other factors beyond our control could have an adverse effect on the overall business sentiment and environment, cause uncertainties in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely impact our business, financial conditions and results of operations.

There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations.

The majority of our operations are conducted in China, and are governed by PRC laws, rules and regulations. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited precedential value. Since 1979, the PRC government began to promulgate a comprehensive system of laws, rules and regulations governing economic matters in general. The overall effect of legislation over the past three decades has significantly enhanced the protections afforded to various forms of foreign investment in China. 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. In particular, because these laws, rules and regulations are relatively new and often give the relevant regulator significant discretion in how to enforce them, and because of the limited number of published decisions and the non-binding nature of such decisions, the interpretation and enforcement of these laws, rules and regulations involve uncertainties and can be inconsistent and unpredictable. 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.

Additionally, the reform of the medical device approval system in 2017 may face implementation challenges. The timing and full impact of such reforms is uncertain and could prevent us from commercializing our pipeline products in a timely manner. In addition, any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. Since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. These uncertainties may impede our ability to enforce the contracts we

have entered into and could materially and adversely affect our business, financial condition and results of operations.

Restrictions on currency exchange may limit our ability to utilize our revenue effectively, to pay dividends and other obligations, and affect the value of your investment.

The PRC government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of China. A substantial majority of our future revenue is expected to be denominated in Renminbi. Shortages in availability of foreign currency may then restrict our ability to remit sufficient foreign currency to our offshore entities for our offshore entities to pay dividends or make other payments or otherwise to satisfy our foreign currency denominated obligations. The RMB is currently convertible under the "current account," which includes dividends, trade and service-related foreign exchange transactions, but not under the "capital account," which includes foreign direct investment and loans, including loans we may secure from our onshore subsidiaries. Currently, we and our PRC subsidiaries may purchase foreign currency for settlement of "current account transactions," including payment of dividends to us, without the approval of SAFE by complying with certain procedural requirements. However, the relevant PRC governmental authorities may limit or eliminate our ability to purchase foreign currencies in the future for current account transactions. Any existing and future restrictions on currency exchange may limit our ability to utilize revenue generated in Renminbi to fund our business activities outside of the PRC or pay dividends in foreign currencies to holders of our Shares. Foreign exchange transactions under the capital account remain subject to limitations and require approvals from, or registration with, SAFE and other relevant PRC governmental authorities. This could affect our ability to obtain foreign currency through debt or equity financing for our subsidiaries.

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

We are subject to foreign exchange fluctuations. Certain of our cash and cash equivalents are denominated in foreign currencies, and are exposed to foreign currency risk. For the year ended December 31, 2018 and the seven months ended July 31, 2020, we recorded net foreign exchange loss of RMB0.4 million and RMB4.8 million. For the year ended December 31, 2019, we recorded net foreign exchange gain of RMB1.1 million. The exchange rate of the Renminbi against the U.S. 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 U.S. 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 policies goals.

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

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

payable on, our Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. 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.

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

Under the EIT law, PRC withholding tax at a rate of 10% is normally applicable to dividends from a PRC source paid to investors that are "non-resident enterprises," which do not have an establishment or place of business in China, or which have such establishment or place of business but whose relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of shares by such is generally subject to a 10% PRC enterprise income tax if such gain is regarded as income derived from sources within China.

Under PRC Individual Income Tax law and its implementation rules, dividends from sources within China paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to PRC income tax at a rate of 20% for individuals. Any PRC tax may be reduced or exempted under applicable tax treaties or similar arrangements.

If we are treated as a PRC resident enterprise as described under the risk factor headed "— The Company may be deemed to be a PRC tax resident under the EIT Law and our global income may be subject to a 25% PRC enterprise income tax," dividends we pay with respect to our Shares, or the gain realized from the transfer of our Shares, may be treated as income derived from sources within China and as a result be subject to the PRC income taxes described above. However, shareholders who are not PRC tax residents and seek to enjoy preferential tax rates under relevant tax treaties may apply to the PRC tax authorities to be recognized as eligible for such benefits in accordance with the Announcement of the SAT on Promulgating the Administrative Measures for Tax Convention Treatment for Non-resident Taxpayors (國家税務總局關於發佈〈非居民納税人享受税收協定待遇管理辦法〉的公告) (the "**Circular 35**"), which was issued on October 14, 2019 and became effective on January 1, 2020. According to the Circular 35, the preferential tax rate does not automatically apply. With respect to dividends, the "beneficial owner" tests under the Circular on Relevant Issues relating to Beneficial Owner under Tax Treaties (國家税務總局關於税收協定中"受益所有人"有關問題的公告) (the "**Circular 9**") will also apply. If determined to be ineligible for the foregoing tax treaty benefits, gains obtained from sales of our Shares and dividends on our Shares paid to such Shareholders would subject to higher PRC tax rates. In such cases, the value of your investment in our Shares may be materially and adversely affected.

We rely principally on dividends paid by our subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to pay dividends to us could have a material and adverse effect on our ability to conduct our business.

We operate our core businesses through our operating subsidiaries in China. Therefore, the availability of funds to pay dividends to our Shareholders depends upon dividends received from these subsidiaries. If our subsidiaries incur debts or losses, such indebtedness or loss may impair their ability to pay dividends or other distributions to us. As a result, our ability to pay dividends will be

restricted. The PRC laws and regulations require that dividends be paid only out of the net profit calculated according to the PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including HKFRSs. The PRC laws and regulations also require foreign-invested enterprises to set aside part of their net profit as statutory reserves. These statutory reserves are not available for distribution as cash dividends. Therefore, these restrictions on the availability and usage of our major source of funding may impact our ability to pay dividends to our Shareholders.

Our dividend income from our foreign-invested PRC subsidiaries may be subject to a higher rate of withholding tax than that which we currently anticipate.

Under the EIT Law, if a foreign entity is deemed to be a "non-resident enterprise" as defined under the EIT Law, a withholding tax at the rate of 10% will be applicable to any dividends for earnings accumulated since January 1, 2008 payable to the foreign entity, unless it is entitled to reduction or elimination of such tax, including by tax treaties or agreements. According to the *Arrangement between the Mainland of China and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Incomes* (內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排), dividends paid by a PRC foreign-invested enterprise to its shareholder(s) incorporated in Hong Kong will be subject to withholding tax at a rate of 5% if the Hong Kong company directly holds 25% or more interests in the PRC foreign-invested enterprises. The SAT promulgated the Circular 9 on February 3, 2018, which addresses the methods to determine the "beneficial owners" under the treaty articles on dividends, interest and royalties. According to the Circular 9, the PRC tax authorities must evaluate whether an applicant qualifies as a "beneficial owner" on a case-by-case basis.

If our Hong Kong subsidiary holds any equity interest in a PRC subsidiary in the future, based on the abovementioned principles, PRC tax authorities would not consider our Hong Kong subsidiary as the "beneficial owner" of any dividends paid from our PRC subsidiaries and would deny the claim for the reduced rate of withholding tax. Under the current PRC tax law, if our Hong Kong subsidiary is not considered as a "beneficial owner," dividends from our PRC subsidiaries to our Hong Kong subsidiary being subject to PRC withholding tax at a 10% rate instead of a 5% rate. This would negatively impact us and it would impact our ability to pay dividends in the future.

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

All of our assets, and a significant portion of the assets of our Directors and senior management are located in China. Therefore, it may not be possible for investors to effect service of process upon us or those persons inside China. China has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of most other jurisdictions. On July 14, 2006, Hong Kong and China entered into the *Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned* (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the "**Arrangement**"), pursuant to which 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 court or a 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. As a result, it may be difficult or impossible for investors to effect service of process against our assets or Directors in China in order to seek recognition and enforcement of foreign judgments in China.

The Company may be deemed to be a PRC tax resident under the EIT Law and our global income may be subject to a 25% PRC enterprise income tax.

The EIT Law provides that enterprises established outside of China whose "de facto management bodies" are located in China are considered "resident enterprises" and are generally subject to the uniform 25% enterprise income tax rate on their global income. "De facto management body" is defined as the body that has the significant and overall management and control over the business, personnel, accounts and properties of an enterprise. In April 2009 and July 2011, SAT issued several circulars to clarify certain criteria for the determination of the "de facto management bodies" for foreign enterprises controlled by PRC enterprises, however, no official implementation rules have been issued regarding the determination of the "de facto management body" for foreign enterprises that are not controlled by PRC enterprises. Being regarded as a PRC resident enterprise may materially and adversely affect our profit and hence our retained profit available for distribution to our Shareholders.

PRC regulations relating to the establishment of offshore special purpose vehicles by PRC residents may subject our PRC resident Shareholders to personal liability, limit our PRC subsidiaries' ability to distribute profits to us, or otherwise adversely affect our financial position.

The SAFE promulgated Circular 37 on July 4, 2014 to replace the Circular of the SAFE on Relevant Issues Concerning Foreign Exchange Administration for Financing and Return Investments by Domestic Residents through Special-Purpose Overseas Companies (國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知). According to Circular 37, PRC residents (including PRC citizens and PRC enterprises) shall apply to the SAFE or its local branch to register foreign exchange for overseas investments before contributing to special purpose vehicles (the "SPVs") with legitimate domestic and overseas assets or rights and interests. In the event of any alteration in the basic information of the registered SPVs, such as the change of a PRC citizen shareholder, name and operating duration; or in the event of any alternation in key information, such as increases or decreases in the share capital held by PRC citizens, or equity transfers, swaps, consolidations, or splits, the registered PRC residents shall timely submit a change in the registration of the foreign exchange for overseas investments with the foreign exchange bureaus. If the shareholders of the offshore holding company who are PRC residents do not complete their registration with the local SAFE branches, the PRC subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to the offshore

company, and the offshore company may be restricted in its ability to contribute additional capital to its PRC subsidiaries. SAFE promulgated the Notice on Further Simplifying and Improving the Administration of the Foreign Exchange Concerning Direct Investment in February 2015, which took effect on June 1, 2015. Such Notice amended Circular 37 requiring PRC residents or entities to register with qualified banks rather than SAFE or its local branch in connection with the establishment or control of an offshore entity established for the purpose of overseas investment.

We may not at all times be fully aware or informed of the identities of all our beneficiaries who are PRC nationals, and may not always be able to compel our beneficiaries to comply with the requirements of the Circular 37. As a result, we cannot assure you that all of our Shareholders or beneficiaries who are PRC nationals will at all times comply with, or in the future make or obtain any applicable registrations or approvals required by the Circular 37 or other related regulations. Under the relevant rules, failure to comply with the registration procedures set forth in the Circular 37 may result in restrictions on the foreign exchange activities of the relevant PRC enterprise and may also subject the relevant PRC resident to penalties under the PRC foreign exchange administration regulations.

The heightened scrutiny over acquisitions from the PRC tax authorities may has an adverse impact on our business, acquisitions or restructuring strategies.

On February 3, 2015, the SAT promulgated Circular 7, which provides comprehensive guidelines relating to, and heightened the PRC tax authorities' scrutiny on indirect transfers, by a non-resident enterprise, of assets (including equity interests) of a PRC resident enterprise.

There is uncertainty as to the application of the Circular 7. The Circular 7 may be determined by the tax authorities to be applicable to our offshore restructuring transactions or sale of the shares of our offshore subsidiaries, where non-resident enterprises being transferors were involved. Furthermore, we, our non-resident enterprises and PRC subsidiaries may be required to spend valuable resources to comply with the Circular 7 or to establish that we and our non-resident enterprises should not be taxed under the Circular 7 for our previous and future restructuring or disposal of shares of our offshore subsidiaries, which may have a material adverse effect on our financial conditions and results of operations.

PRC regulations of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds of the Global Offering to make loans or additional capital contributions to our PRC subsidiaries.

Any loans provided by our offshore holding companies to our PRC subsidiaries are subject to PRC regulations and such loans must be registered with the local branch of SAFE. Additionally, our capital contributions must be filed with the MOFCOM or its local counterpart and registered with the SAMR or its local branch. We cannot assure you that we will be able to obtain these government registrations or approvals or to complete filing and registration procedures on a timely basis, if at all, with respect to future loans or capital contributions by us to our subsidiaries or any of their respective subsidiaries. If we fail to obtain such approvals or registrations, our ability to make equity contributions or provide loans to our PRC subsidiaries or to fund their operations may be materially and adversely affected. This may materially and adversely affect our PRC subsidiaries' liquidity, their ability to fund their working capital and expansion projects, and their ability to meet their obligations and commitments. As a result, this may have a material adverse effect on our business, financial conditions and results of operations.

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

During the Track Record Period, certain of our raw materials were sourced overseas, and we have engaged certain third parties for clinical trials and commercial collaboration in foreign countries and regions. Our business is therefore subject to constantly changing international economic, regulatory, social and political conditions, and local conditions in those foreign countries and regions. Tensions, political concerns and trade frictions between China and the relevant foreign countries or regions may adversely affect our business, financial condition, results of operations, cash flows and prospects.

China's political relationships with those foreign countries and regions may affect the prospects of our relationship with third parties, such as customers, suppliers, and global partners. There can be no assurance that our existing or potential service providers or collaboration partners will not alter their perception of us or their preferences as a result of adverse changes to the state of political relationships between China and the relevant foreign countries or regions. Any tensions, political concerns, and trade frictions between China and the relevant foreign countries or regions may cause a decline in the demand for our services and adversely affect our business, financial condition, results of operations, cash flows and prospects. For instance, China imposed 80.5% anti-dumping and anti-subsidy duties on Australian barley after claiming that barley farming was heavily subsidized by the government and suspended imports from four major Australian beef suppliers over labeling issues in May 2020. In recent months, trade tensions between China and Australia have escalated and China has imposed trading restrictions on imports of certain products from Australia, where we primarily procure bovine pericardium for VitaFlow™. As advised by our PRC Legal Advisers, based on their search of recent announcement of the official website of General Administration of Customs of the PRC (中華人民共和國海關總署) and the Ministry of Commerce of the PRC (中華人民共和國商務部), as of the Latest Practicable Date there had been no restrictions in China that materially and adversely affect bovine pericardium from Australia. However, the development of the trade policy between China and Australia and the trading restriction on imports from Australia imposed by China as well as the related impact on our business are unclear at this time. We cannot foresee whether and how developments in these trading restrictions, or other trading restrictions taken by the Australia or Chinese government will impact our business and financial performance. In the event that China and/or the relevant foreign countries, such as Australia, impose import tariffs, trade restrictions or other trade barriers affecting the importation of raw materials, we plan to engage other qualified suppliers in China or overseas for bovine pericardium. However, we cannot guarantee you that we can do that in a timely manner or on commercially favorable terms to us, if at all. As such, we may not be able to obtain a steady supply of necessary components or raw materials at competitive prices, and our business and operations may be materially and adversely affected.

RISKS RELATING TO THE GLOBAL OFFERING

No public market currently exists for our Shares, and an active trading market for our Shares may not develop and the market price for our Shares may decline or became volatile, especially taking into account that all of our existing Shareholders have entered into a lock-up undertaking for six months after Listing.

No public market currently exists for our Shares. The initial Offer Price for our Shares to the public will be the result of negotiations between our Company and the Joint Global Coordinators, and

the Offer Price may differ significantly from the market price of the Shares following the Global Offering. We have applied to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Shares. However, each existing Shareholder, including our Pre-IPO Investors, agrees and undertakes to our Company that, subject to the terms and conditions set out in the Shareholders Agreement, without the prior written consent of our Company, it will not, whether directly or indirectly, at any time during the period of six months commencing from the Listing Date, directly or indirectly dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any Shares of our Company. Therefore, upon completion of the Global Offering and assuming the Over-allotment Option is not exercised, approximately 91.31% of our Shares will be subject to lock-up undertakings. As a result, a listing on the Hong Kong Stock Exchange does not guarantee that an active and liquid trading market for our Shares will develop, especially during the period when a significant portion of our Shares are subject to lock-up undertakings, or if it does develop, that it will be sustained following the Global Offering, or that the market price of the Shares will rise following the Global Offering.

The price and trading volume of our Shares may be volatile, which could lead to substantial losses to investors.

The price and trading volume of our Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. In particular, the business and performance and the market price of the shares of other companies engaging in similar business may affect the price and trading volume of our Shares. In addition to market and industry factors, the price and trading volume of our Shares may be highly volatile for specific business reasons, including,

- the results of clinical trials of our pipeline products;
- the results of our applications for approval of our pipeline products;
- regulatory developments affecting our industry, healthcare, health insurance and other related matters;
- relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors;
- our financial results;
- 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;
- 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.

Moreover, shares of other companies listed on the Hong Kong Stock Exchange with significant operations and assets in China have experienced 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.

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

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

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

Prior to the Global Offering, there has not been a public market for our Shares. Future sales or perceived sales by our existing Shareholders of our Shares after the Global Offering could result in a significant decrease in the prevailing market price of our Shares. Only a limited number of the Shares currently outstanding will be available for sale or issuance immediately after the Global Offering due to contractual and regulatory restrictions on disposal and new issuance. Nevertheless, after these restrictions lapse or if they are waived, future sales of significant amounts of our Shares in the public market or the perception that these sales may occur could significantly decrease the prevailing market price of our Shares and our ability to raise equity capital in the future.

In addition, our Shareholders would experience dilution in their shareholdings upon offer or sale of additional share capital or share capital-linked securities by our Company in future offerings. If additional funds are raised through our issuance of new share capital or share capital-linked securities other than on a pro rata basis to existing Shareholders, the shareholdings of such Shareholders may be reduced and such new securities may confer rights and privileges that take priority over those conferred by the Offer Shares.

Sales of substantial amounts of Shares in the public market after the completion of the Global Offering, or the perception that these sales could occur, could adversely affect the market price of our Shares. Although our Controlling Shareholder is subject to restrictions on its sales of Shares within 12 months from the Listing Date as described in "Underwriting" in this prospectus, future sales of a significant number of our Shares by our Controlling Shareholder in the public market after the Global Offering, 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 offerings of our Shares. We cannot assure you that our Controlling Shareholder 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 restrictions set out above. We cannot predict the effect, if any, that any future sales of Shares by our Controlling Shareholder, or the availability of Shares for sale by our Controlling Shareholder, or the issuance of Shares by the Company may have on the market price of the Shares. Sale or issuance of a substantial amount of Shares by our Controlling Shareholder 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.

We cannot assure you that we will declare and distribute any amount of dividends 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 HKFRSs. 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 HKFRSs. 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 PRC laws, including (where required) the approvals from our Shareholders and our Directors. Our Shareholders at a general meeting must 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. As a result, we cannot assure you that we will make any dividend payments on our Shares in the future.

There may be difficulties in protecting your interests under the laws of the Cayman Islands.

Our corporate affairs are governed by, among other things, our Memorandum of Association and Articles of Association, the Companies Act and common law of the Cayman Islands. The rights of Shareholders to take action against our Directors, actions by minority shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those in other jurisdictions. Such differences may mean that the remedies available to

the minority shareholders may be different from those they would have under the laws of other jurisdictions.

There may be dilution because of issuance of new Shares or equity securities.

In spite of our current cash and cash equivalents and the net proceeds from the Global Offering, we may require additional funds due to changes in business conditions or other future developments relating to, inter alia, our existing operations or any future expansions. The amount and timing of such additional financing needs will vary depending on the timing investments in and/or acquisitions of new businesses from third-parties, and the amount of cash flow from our operations. If our resources are insufficient to satisfy our cash requirements, we may seek additional financing through selling additional equity or debt securities or obtaining a credit facility.

The sale of additional equity securities could result in additional dilution to our Shareholders. If additional funds are raised by way of issuance of new Shares or equity linked securities other than on a pro rata basis to existing Shareholders, the percentage of ownership of our existing Shareholders in our Company, the earnings per Share and the net asset value per Share may be reduced.

As the Offer Price of our Offer Shares is higher than our net tangible book value per share, purchasers of our Shares in the Global Offering may experience immediate dilution upon such purchases. Purchasers of Shares may also experience further dilution in shareholdings if we issue additional Shares in the future.

The Offer Price of the Offer Shares is higher than the net tangible asset value per Share immediately prior to the Global Offering. Therefore, purchasers of the Offer Shares in the Global Offering will experience an immediate dilution, and our existing Shareholders will receive an increase in the net tangible assets per Share of their Shares. In order to expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of the Offer Shares may experience dilution in the net tangible asset value per share of their Shares if we issue additional Shares in the future at a price that is lower than the net tangible asset value per Share at that time.

We have significant discretion as to how we will use the net proceeds of the Global Offering, and you may not necessarily agree with how we use them.

Our management may spend the net proceeds from the Global Offering in ways with which you may not agree or which do not yield a favorable return to our Shareholders. We plan to use the net proceeds from the Global Offering to fund our ongoing R&D, commercialization and manufacturing activities, as well as potential collaborations with third parties. For details, see "Future Plans and Use of Proceeds" However, our management will have discretion as to the actual application of our net proceeds. You are entrusting your funds to our management, whose judgment you must depend on, for the specific uses we will make of the net proceeds from this Global Offering.

Certain statistics contained in this prospectus are derived from a third-party report and publicly available official sources and facts, forecasts and statistics in this prospectus relating to the transcatheter heart valve medical device industry in and outside China may not be fully reliable.

Facts, forecasts and statistics in this prospectus relating to China, the PRC economy and the industry in which we operate are derived from various sources that we believe are reliable, including

official government publications as well as a report prepared by Frost & Sullivan that we commissioned. We have taken reasonable care in the reproduction or extraction of the official government publications or other third-party reports for the purpose of disclosure in this prospectus, however, we cannot guarantee the quality or reliability of such source materials. Specifically, as the global TAVI, TMV and TTV markets are at their early development, we cannot guarantee that these markets will grow in the future as expected. Neither we, the Joint Global Coordinators, the Joint Sponsors, the Underwriters nor our or their respective affiliates or advisers have verified the facts, forecasts and statistics nor ascertained the underlying economic assumptions relied upon in those facts, forecasts and statistics obtained from these sources. Due to possibly flawed or ineffective collection methods or discrepancies between published information and factual information and other problems, the industry statistics in this prospectus may be inaccurate and you should not place undue reliance on it. We make no representation as to the accuracy of such facts, forecasts and statistics obtained from various sources. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon.

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

Subsequent to the date of this prospectus but prior to the completion of the Global Offering, there may be press and media coverage regarding us and the Global Offering, which may contain, among other things, certain financial information, projections, valuations and other forward- looking information about us and the Global Offering. We have not authorized the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this prospectus, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

You should rely solely upon the information contained in this prospectus, the Global Offering and any formal announcements made by us in Hong Kong in making your investment decision regarding our Shares. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Shares, the Global Offering or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such data or publication. Accordingly, prospective investors should not rely on any such information, reports or publications in making their decisions as to whether to invest in our Global Offering. By applying to purchase our Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this prospectus and the Global Offering.

In preparation of the Global Offering, our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemptions from strict compliance with the relevant provisions of the Companies (Winding up and Miscellaneous Provisions) Ordinance:

MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, our Company must have sufficient management presence in Hong Kong. Normally, this means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Since our headquarter and all our business operations are not principally located, managed or conducted in Hong Kong, our Company does not, and for the foreseeable future, will not, have executive Directors who are ordinarily resident in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules.

Accordingly, our Company has applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with Rule 8.12 of the Listing Rules. We have made the following arrangements to maintain effective communication between the Stock Exchange and our Company:

(a) both of our Company's authorized representatives, Dr. Luo Qiyi, a non-executive Director and the chairman of our Board and Ms. Chan Lok Yee, one of our joint company secretaries, will act as our Company's principal channel of communication with the Stock Exchange. Accordingly, the authorized representatives of our Company will be able to meet with the relevant members of the Stock Exchange on reasonable notice and will be readily contactable by telephone, facsimile and email;

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

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

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

(e) we have appointed Somerley Capital Limited as the compliance adviser of our Company (the "**Compliance Adviser**"), in compliance with Rule 3A.19 of the Listing Rules, who will also act as an additional channel of communication with the Stock Exchange from the Listing Date to the date when our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year immediately following the Listing Date. The Compliance Adviser will maintain constant contact with the authorized representatives, Directors and senior management of our Company through various means,

including regular meetings and telephone discussions whenever necessary. Our authorized representatives, Directors and other officers of our Company will provide promptly such information and assistance as the Compliance Adviser may reasonably require in connection with the performance of the Compliance Adviser's duties as set forth in Chapter 3A of the Listing Rules;

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

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

JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who possesses the necessary academic and professional qualifications or relevant experience and is, in the opinion of the Stock Exchange, capable of discharging the functions of a company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic and professional qualifications to be acceptable:

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

(b) a solicitor or a barrister, as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and

(c) a certified public accountant, as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 3.28 of the Listing Rules further sets out the factors that the Stock Exchange will consider in assessing an individual's "relevant experience":

(a) length of employment with the issuer and other issuers and the roles he or she played;

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

(c) relevant training completed and/or to be completed, in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

We consider that while it is important for the company secretary to be familiar with the relevant securities regulation in Hong Kong, he/she also needs to have experience relevant to our Company's

operations, nexus to the Board and close working relationship with the management of our Company in order to perform the function of a company secretary and to take the necessary actions in the most effective and efficient manner. It is for the benefit of our Company to appoint a person who has been a member of the senior management for a period of time and is familiar with our Company's business and affairs as company secretary.

We have appointed Ms. Li Xiangmei (李香梅) as one of the joint company secretaries of our Company. Ms. Li Xiangmei has extensive experience in matters concerning our Board and our corporate governance. However, Ms. Li Xiangmei does not possess the specified qualifications strictly required under Rule 3.28 of the Listing Rules and, thus, may not be able to fulfill the requirements of the Listing Rules on her own. Therefore, we have also appointed Ms. Chan Lok Yee, an associate member of The Hong Kong Institute of Chartered Secretaries and an associate member of The Institute of Chartered Secretaries and Administrators, who meets relevant requirements under Rule 3.28 of the Listing Rules, to act as our joint company secretary and to work closely with and provide support and assistance to Ms. Li Xiangmei, for an initial period of three years from the Listing Date so as to enable Ms. Li Xiangmei to acquire the relevant experience as required under Note 2 to Rule 3.28 of the Listing Rules to duly discharge her duties.

We have therefore applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules. Such waiver will be subject to the following conditions under HKEX-GL108-20: (i) Ms. Li Xiangmei must be assisted by a person, namely Ms. Chan Lok Yee, who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary of our Company throughout the three year waiver period; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by us. We expect that Ms. Li Xiangmei will acquire the qualifications or relevant experience required under Rule 3.28 of the Listing Rules prior to the end of the three-year period after the Listing Date. We will liaise with the Stock Exchange before the end of the three-year period to enable it to assess whether Ms. Li Xiangmei, having had the benefit of Ms. Chan Lok Yee's assistance for three years and has acquired relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

See "Directors and Senior Management" of this prospectus for further information regarding the qualifications and experience of Ms. Li Xiangmei and Ms. Chan Lok Yee.

CONTINUING CONNECTED TRANSACTIONS

We have entered into, and are expected to continue, to engage in certain transactions which will constitute non-exempt continuing connected transactions of our Company under the Listing Rules upon the Listing.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver in relation to such continuing connected transactions between us and certain connected persons under Chapter 14A of the Listing Rules. See the section headed "Connected Transactions" in this prospectus for further details of these transactions.

WAIVER AND EXEMPTION IN RELATION TO THE SHARE OPTION SCHEME

Under Rule 17.02(1)(b) of, and paragraph 27 of the Part A of Appendix I to the Listing Rules, and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, this prospectus is required to include, among other things, details of the number, description, and amount of any shares in or debentures of our Company which any person has, or is entitled to be given, an option to subscribe for, together with certain particulars of each option, namely the period during which it is exercisable, the price to be paid for shares or debentures subscribed for under it, the consideration (if any) given or to be given for it or for the right to it, the names and addresses of the persons to whom it was given, and their potential dilution effect on the shareholding upon listing as well as the impact on the earnings per share arising from the exercise of such outstanding options (the "**Share Option Disclosure Requirements**").

As of Latest Practicable Date, our Company has granted options under the Share Option Scheme to 168 grantees, including Directors, senior management and other employees of our Group or MicroPort, to subscribe for an aggregate of 71,908,940 Shares (as adjusted after the Share Subdivision), representing 3.04% of the total issued share capital immediately after completion of the Global Offering (assuming the Over-allotment Option and the options under the Share Option Scheme are not exercised), on the terms set out in "Appendix IV—Statutory and General Information—D. Share Option Scheme" to this prospectus.

Our Company has applied to the Stock Exchange and the SFC for: (i) a waiver from strict compliance with the applicable Share Option Disclosure Requirements; and (ii) a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, respectively, on the ground that strict compliance with the above requirements would be unduly burdensome for our Company for the following reasons, and the exemption would not prejudice the interests of the investing public:

(a) given that 168 grantees are involved, strict compliance with such disclosure requirements in setting out full details of all the grantees under the Share Option Scheme in this prospectus would be costly and unduly burdensome for our Company in light of a significant increase in cost and time for information compilation, prospectus preparation, and printing;

(b) as of the Latest Practicable Date, among all the grantees, four are Directors, one is a director of MicroPort and the remaining 163 grantees are employees of our Group or MicroPort. Strict compliance with the applicable Share Option Disclosure Requirements to disclose names, addresses, and entitlements on an individual basis in this prospectus will require number of additional pages of disclosure that does not provide any material information to the investing public;

(c) the grant and exercise in full of the options under the Share Option Scheme will not cause any material adverse impact in the financial position of our Company;

(d) lack of full compliance with the above disclosure requirements would not prevent our Company from providing its potential investors with an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Company; and

(e) material information relating to the options under the Share Option Scheme will be disclosed in this prospectus, including the total number of Shares subject to the Share Option Scheme, the exercise price per Share, the potential dilution effect on shareholding, and impact on earnings per Share upon full exercise of the options granted under the Share Option Scheme. Our Directors consider that the information that is reasonably necessary for the potential investors to make an informed assessment of our Company in their investment decision making process has been included in this prospectus.

The Stock Exchange has granted to us a waiver under the Listing Rules on the conditions that:

(a) full details of the options under the Share Option Scheme granted to each of (i) our Directors and the director of MicroPort, (ii) members of our senior management, (iii) other connected persons of our Company (if any) and (iv) other grantees who have been granted options to subscribe for 1,000,000 Shares or more will be disclosed in "Appendix IV—Statutory and General Information—D. Share Option Scheme" to this prospectus, on an individual basis, as required under the applicable Share Option Disclosure Requirements;

(b) for the remaining grantees (being the other grantees who are not (i) our Directors and the director of MicroPort, (ii) members of our senior management, (iii) other connected persons of our Company (if any), or (iv) other grantees who have been granted options to subscribe for 1,000,000 Shares or more), disclosure will be made for, on an aggregate basis of (1) the aggregate number of grantees and the number of Shares underlying the options granted to them under the Share Option Scheme, (2) the consideration (if any) paid for the grant of the options under the Share Option Scheme, (3) the exercise period and (4) the exercise price for the options granted under the Share Option Scheme;

(c) there will be disclosure in this prospectus for the aggregate number of Shares underlying the options under the Share Option Scheme and the percentage of our Company's total issued share capital represented by such number of Shares as of the Latest Practicable Date;

(d) the dilutive effect and impact on earnings per Share upon full exercise of the options under the Share Option Scheme will be disclosed in "Appendix IV—Statutory and General Information—D. Share Option Scheme" to this prospectus;

(e) a summary of the major terms of the Share Option Scheme will be disclosed in "Appendix IV—Statutory and General Information—D. Share Option Scheme" to this prospectus;

(f) the particulars of the waiver and the exemption will be disclosed in this prospectus;

(g) a full list of all the grantees (including those persons whose details have already been disclosed in this prospectus) under the Share Option Scheme, containing all the particulars

as required under the applicable Share Option Disclosure Requirements be made available for public inspection in accordance with the section headed "Appendix V—Documents Delivered to the Registrar of Companies and Available for Inspection" to this prospectus;

(h) further information relating to the grantees who have been granted options is provided to the Stock Exchange; and

(i) the grant of a certificate of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance from the SFC exempting our Company from the disclosure requirements provided in paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

The SFC has agreed to grant to our Company the certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that:

(a) full details of the options under the Share Option Scheme granted to each of (i) our Directors and the director of MicroPort, (ii) members of our senior management, (iii) other connected persons of our Company (if any) and (iv) other grantees who have been granted options to subscribe for 1,000,000 Shares or more will be disclosed in "Appendix IV—Statutory and General Information—D. Share Option Scheme" to this prospectus as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(b) for the remaining grantees (being the other grantees who are not (i) our Directors and the director of MicroPort, (ii) members of our senior management, (iii) other connected persons of our Company (if any) or (iv) other grantees who have been granted options to subscribe for 1,000,000 Shares or more), disclosure will be made of, on an aggregate basis, (1) the aggregate number of grantees and the number of Shares underlying the options granted to them under the Share Option Scheme, (2) the consideration (if any) paid for the grant of the options under the Share Option Scheme, (3) the exercise period and (4) the exercise price for the options granted under the Share Option Scheme;

(c) a full list of all the grantees (including those persons whose details have already been disclosed in this prospectus) under the Share Option Scheme, containing all the particulars as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, will be made available for public inspection in accordance with the section headed "Appendix V—Documents Delivered to the Registrar of Companies and Available for Inspection" to this prospectus; and

(d) the particulars of the exemption will be disclosed in this prospectus and this prospectus will be issued on or before January 26, 2021.

Further details of the Share Option Scheme are set forth in "Appendix IV—Statutory and General Information—D. Share Option Scheme" to this prospectus.

WAIVER IN RELATION TO RULE 4.04(1) OF THE LISTING RULES AND EXEMPTION FROM STRICT COMPLIANCE WITH SECTION 342(1) IN RELATION TO PARAGRAPH 27 OF PART I AND PARAGRAPH 31 OF PART II OF THE THIRD SCHEDULE TO THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

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

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

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

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

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

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

Paragraph 4.4(i) of the Guidance Letter HKEX-GL25-11 issued by the Stock Exchange provides that where an applicant issues its listing document within two months after the latest year end, a Rule 4.04(1) waiver would be subject to the following conditions: (i) the applicant must list on the Stock Exchange within three months after the latest year end; (ii) the applicant must obtain a certificate of exemption from the SFC on compliance with the requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance; (iii) a profit estimate for the latest financial year (which must

comply with Rules 11.17 to 11.19 of the Listing Rules) must be included in the listing document or the applicant must provide justification why a profit estimate cannot be included in the listing document; and (iv) there must be a directors' statement in the listing document that there is no material adverse change to its financial and trading positions or prospect with specific reference to the trading results from the end of the stub period to the latest financial year end.

An application has been made to the Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules not to include in this prospectus the results of our Company in respect of the financial year immediately preceding the issue of this prospectus, and such waiver has been granted by the Stock Exchange on the conditions that:

(a) this prospectus must be issued on or before January 26, 2021;

(b) the Shares of our Company will be listed on the Stock Exchange on or before March 31, 2021;

(c) this prospectus contains a loss estimate for the year ended December 31, 2020 (in compliance with Rules 11.17 to 11.19 of the Listing Rules) and a Directors' statement that after performing all due diligence work which they consider appropriate, there is no material and adverse change to the financial and trading positions or prospects of our Company with specific reference to the trading results from July 31, 2020 to December 31, 2020; and

(d) our Company obtains a certificate of exemption from the SFC on strict compliance with paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Accordingly, an application has been made to the SFC for, and SFC has granted, a certificate of exemption from strict compliance with the requirements under section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, on the conditions that (i) the particulars of the exemption be set forth in this prospectus and (ii) this prospectus will be issued on or before January 26, 2021 and the Shares of our Company will be listed on the Stock Exchange on or before March 31, 2021.

The applications to the Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules and to the SFC for a certificate of exemption from strict compliance with the requirements under paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance were made on the grounds, among others, that strict compliance with the above requirements would be unduly burdensome and the exemption would not prejudice the interests of the investing public, as:

(a) there would not be sufficient time for our Company and our reporting accountants to finalize the audited financial statements for the year ended December 31, 2020 for inclusion in this prospectus. If the financial information for the year ended December 31, 2020 is required to be audited, our Company and our reporting accountants would have to

carry out substantial work to prepare, update and finalize the Accountants' Report and this prospectus, and the relevant sections of this prospectus will need to be updated to cover such additional period;

(b) our Company is a medical device company in China focusing on the research, development and commercialization of innovative transcatheter and surgical solutions for valvular heart diseases, and falls within the scope of biotech company as defined under Chapter 18A of the Listing Rules;

(c) the Accountants' Report for each of the two financial years ended December 31, 2018 and 2019 and the seven months ended July 31, 2020 has been prepared and is set out in Appendix I to this prospectus in accordance with Rule 18A.06 of the Listing Rules;

(d) notwithstanding that the financial results set out in this prospectus are only for the two years ended December 31, 2018 and 2019 and the seven months ended July 31, 2020 in accordance with Chapter 18A of the Listing Rules, other information required to be disclosed under the Listing Rules and requirements under the Companies (Winding up and Miscellaneous Provisions) Ordinance has been adequately disclosed in this prospectus pursuant to the relevant requirements;

(e) given that Chapter 18A of the Listing Rules provides that minimum track record period for biotech companies in terms of financial disclosure is two years, strict compliance with the requirements of section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance and paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance would be unduly burdensome for our Company;

(f) our Directors are of the view that, up to the date of this prospectus, there has been no material adverse change to the financial and trading positions or prospects since July 31, 2020 (being the date of the latest audited statement of financial position in the Accountants' Report set out in Appendix I to this prospectus) to the date of this prospectus and there has been no event which would materially affect the information shown in the Accountants' Report as set out in Appendix I to this prospectus, the loss estimate for the year ended December 31, 2020 as set out in Appendix IIB to this prospectus and the section headed "Financial Information" in this prospectus and other parts of this prospectus. Based on the due diligence work performed by the Joint Sponsors so far, nothing has come to the attention of the Joint Sponsors for them to cast doubt on the views of the Directors expressed above; and

(g) Our Company is of the view that the Accountants' Report covering the two years ended December 31, 2018 and 2019 and the seven months ended July 31, 2020, together with other disclosure in this prospectus, has already provided the potential investors with adequate and reasonably up-to-date information in the circumstances to form a view on the track record and earnings trend of our Company; and our Directors confirm that all information which is necessary for the investing public to make an informed assessment of

our Company's business, assets and liabilities, financial position, trading position, management and prospects has been included in this prospectus. Therefore, the exemption would not prejudice the interests of the investing public.

WAIVER IN RESPECT OF THE INVESTMENT AFTER THE TRACK RECORD PERIOD

Pursuant to Rules 4.04(2) and 4.04(4)(a) of the Listing Rules, the accountants' report to be included in this prospectus must include the income statements and balance sheets of any subsidiary or business acquired, agreed to be acquired or proposed to be acquired since the date to which its latest audited accounts have been made up in respect of each of the three financial years immediately preceding the issue of this prospectus.

Our Company proposes to make a further investment of US$819,377 in ValCare, an Independent Third Party, subsequent to the Latest Practicable Date (the "**Investment**"). For details of the Investment, see the subsection headed "History, Development and Corporate Structure—Strategic Investments—Investment in ValCare."

Our Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rules 4.04(2) and 4.04(4)(a) of the Listing Rules in respect of the Investment on the following grounds:

(a) Ordinary and usual course of business

Our Company makes strategic equity investments in sectors relating to its business as part of our ordinary and usual course of business. Our Company has a history of making minority investments and have conducted a number of minority investments during the Track Record Period. For details, see "History, Development and Corporate Structure—Strategic Investments."

(b) Immateriality of the Investment

The applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules for the Investment are all less than 5% by reference to the most recent financial year of the Track Record Period.

Accordingly, our Company believes that the Investment will not result in any significant changes to our financial position since July 31, 2020, and all information that is reasonably necessary for potential investors to make an informed assessment of its activities or financial position has been included in this prospectus. As such, our Company considers that a waiver from compliance with the requirements under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules would not prejudice the interests of the investors.

(c) Unduly burdensome

Our Company confirms that: (i) we will only hold a minority equity interests of less than 10% in ValCare, do not control its boards, and expect this to remain the case subsequent to the Investment; and (ii) our Company is also not involved in the day-to-day management of ValCare and only enjoys minority strategic shareholder rights. The minority rights given to our Company are generally

commensurate to its status as a minority shareholder and are for the protection of its interests as a minority stakeholder. These rights are neither intended, nor sufficient to compel or require ValCare to prepare or to disclose in this prospectus audited financial statements for the purposes of compliance with Rules 4.04(2) and 4.04(4)(a) of the Listing Rules. It will require considerable time and resources for our Company to familiarize with the management accounting policies of ValCare and for our Company and our reporting accountants to compile the necessary financial information for disclosure in this prospectus. As such, it would be impracticable and unduly burdensome to our Company to disclose the audited financial information of ValCare as required under the Listing Rules. In addition, as ValCare is a private company, disclosing this information could harm its interests and undermine its competitive position. As our Company does not expect the Investment to result in any material changes to our financial position after the Track Record Period, our Company does not believe the non-disclosure of the required information pursuant to Rules 4.04(2) and 4.04(4)(a) of the Listing Rules would prejudice the interest of investors in our Company.

(d) Alternative disclosure of the Investment in this prospectus

Our Company has made alternative disclosure about the Investment in this prospectus. Such disclosure includes the information that would be required for a discloseable transaction under Chapter 14 of the Listing Rules which our Company's directors consider to be material, including the disclosure of the principal business activities of ValCare, the investment amounts, the reasons for the Investment, and a statement that whether the single largest shareholder of ValCare is an Independent Third Party. Since the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules for the Investment are all less than 5% by reference to the most recent financial year of the Track Record Period, the current disclosure is adequate for potential investors to form an informed assessment of our Company.

Our Company does not expect to use any proceeds from the Global Offering to fund the Investment.

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

Rule 10.04 of the Listing Rules requires that existing shareholders may only subscribe for or purchase any securities for which listing is sought that are being marketed by or on behalf of a new applicant either in his or its own name or through nominees if the conditions in Rule 10.03 of the Listing Rules are fulfilled. Paragraph 5(2) of Appendix 6 to the Listing Rules states that, without the prior written consent of the Stock Exchange, no allocations will be permitted to be made to directors, existing shareholders of a listing applicant or their close associates, unless the conditions set out in Rules 10.03 and 10.04 are fulfilled.

Paragraph 5.2 of Guidance Letter HKEX-GL92-18 provides that the Stock Exchange permits existing shareholders to participate in the initial public offering of a biotech company listed under Chapter 18A of the Listing Rules provided that the issuer complies with Rules 8.08(1) and 18A.07 of the Listing Rules in relation to shares held by the public. Further, pursuant to paragraphs 5.2(i) and

(ii) of Guidance Letter HKEX-GL92-18, an existing shareholder holding less than 10% of shares in a listing applicant may subscribe for shares in the Proposed Listing as either a cornerstone investor or as a placee whereas an existing shareholder holding 10% or more of shares in a listing applicant may subscribe for shares in the Proposed Listing as a cornerstone investor.

As we are a biotech company seeking a listing under Chapter 18A of the Listing Rules, existing shareholders are permitted to participate in the Listing in accordance with, and subject to, paragraph 5.2 of Guidance Letter HKEX-GL92-18.

We have applied for and the Stock Exchange has granted a waiver from strict compliance with the requirements of Rule 10.04 and Paragraph 5(2) of Appendix 6 to the Listing Rules to allow Lake Bleu Prime Healthcare Master Fund Limited, Gaoling Fund, L.P., YHG Investment, L.P., CDG Group Fund L.P. and GIC Private Limited, which are our existing Shareholders or their close associates to subscribe for shares in the Listing as cornerstone investors, subject to the conditions that:

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

(b) the Offer Shares to be subscribed by and allocated to such existing shareholders and/or their close associate under the Global Offering (the "**Participating Shareholders**") will be at the same Offer Price and the placing will be on substantially the same terms as other cornerstone investors (including being subject to a six-month lock up period following Listing);

(c) our Company, the Joint Global Coordinators and the Joint Sponsors, to the best of their knowledge and belief (and based on discussions between our Company and the Joint Global Coordinators and confirmations required to be submitted to the Stock Exchange by our Company and the Joint Global Coordinators), will confirm to the Stock Exchange in writing that no preference was given other than the preferential treatment of assured entitlement at the Offer Price under the cornerstone investment which follows the principles set out in the Guidance Letter HKEX-GL-51-13, and the terms will be substantially the same as other cornerstone investors; and

(d) details of the subscription of the Offer Shares by the Participating Shareholders in the Global Offering as cornerstone investors are disclosed in this prospectus and will be disclosed in the allotment results announcement of our Company.

DIRECTORS' RESPONSIBILITY STATEMENT

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

THE HONG KONG PUBLIC OFFERING, THE PREFERENTIAL OFFERING AND THIS PROSPECTUS

This prospectus is published solely in connection with the Hong Kong Public Offering and the Preferential Offering, which forms part of the Global Offering. The Global Offering comprises the Hong Kong Public Offering of initially 20,562,000 Shares and the International Offering (including the Preferential Offering) of initially 185,058,000 Shares (subject, in each case, to reallocation on the basis referred to in "Structure of the Global Offering" in this prospectus and without taking into account the Over-allotment Option).

For applicants under the Hong Kong Public Offering and the Preferential Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering and the Preferential Offering.

The Hong Kong Offer Shares and Reserved Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and any of the Underwriters, any of their respective directors, agents, employees or advisers or any other party involved in the Global Offering.

The Listing is sponsored by the Joint Sponsors and the Global Offering is managed by the Joint Global Coordinators. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and are subject to us and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) agreeing on the Offer Price. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement, which is expected to be entered into on or around the Price Determination Date.

If, for any reason, the Offer Price is not agreed among us and the Joint Global Coordinators (on behalf of the Underwriters) on or before Monday, February 1, 2021, the Global Offering will not proceed and will lapse. For further information about the Underwriters and the underwriting arrangement, see the section headed "Underwriting" in this prospectus.

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

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES AND THE RESERVED SHARES

The procedures for applying for Hong Kong Offer Shares and Reserved Shares are set forth in the section headed in "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this prospectus and the relevant Application Forms.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set forth in the section headed "Structure of the Global Offering" in this prospectus.

OVER-ALLOTMENT OPTION AND STABILIZATION

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

RESTRICTIONS ON OFFERS AND SALES OF SHARES

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

No action has been taken to permit a public offering of the Offer Shares or the general distribution of this prospectus and/or the Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING OF THE SHARES ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including any Shares that may be issued under the Over-allotment Option).

No part of our equity or debt securities is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Stock Exchange are expected to commence on Thursday, February 4, 2021. The Shares will be traded in board lots of 1,000 Shares each. The stock code of the Shares will be 2160.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

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

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisers if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, or dealing in, the Shares or exercising any rights attaching to the Shares. We emphasize that none of our Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering accepts responsibility for any tax effects or liabilities resulting from your subscription, purchase, holding or disposing of, or dealing in, the Shares or your exercise of any rights attaching to the Shares.

REGISTER OF MEMBERS AND STAMP DUTY

Our principal register of members will be maintained by our Principal Share Registrar, in the Cayman Islands, and our Hong Kong branch register of members will be maintained by the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by the Hong Kong Share Registrar and may not be lodged in the Cayman Islands.

Dealings in our Shares registered in our Hong Kong register will be subject to Hong Kong stamp duty. For further details of Hong Kong stamp duty, please seek professional advice.

DIVIDENDS PAYABLE TO HOLDERS OF SHARES

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

CSRC APPROVAL AND OTHER RELEVANT PRC AUTHORITIES APPROVAL

The Listing does not require the approval of the China Securities Regulatory Commission (CSRC) or any other PRC government authorities under the current PRC laws, regulations and rules.

EXCHANGE RATE CONVERSION

Solely for convenience purposes, this prospectus includes translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars. No representation is made that the Renminbi amounts could actually be converted into another currency at the rates indicated, or at all.

Unless otherwise indicated, (i) the translation between Renminbi and Hong Kong dollars was made at the rate of RMB0.83363 to HK$1.00, the exchange rate prevailing on January 15, 2021 published by the PBOC for foreign exchange transactions, and (ii) the translations between U.S. dollars and Hong Kong dollars were made at the rate of HK$7.7537 to US$1.00, being the noon buying rate as set forth in the H.10 statistical release of the United States Federal Reserve Board on January 15, 2021.

ROUNDING

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

LANGUAGE

If there is any inconsistency between this prospectus and its Chinese translation, this prospectus shall prevail, provided that if there is any inconsistency between the Chinese names of the entities or enterprises established in China mentioned in this prospectus and their English translations, the Chinese names shall prevail. The English translations of the Chinese names of such PRC entities or enterprises are provided for identification purposes only.

OTHERS

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

DIRECTORS

Name	Address	Nationality
Dr. Luo Qiyi (羅七一)	No. 17, Lane 333 Qingtong Road Pudong New Area Shanghai, PRC	Canadian
Mr. Chen Guoming (陳國明)	Lane 2955 Langu Road Pudong New Area Shanghai, PRC	Chinese
Ms. Yan Luying (閆璐穎)	No. 8 Xibinhe Road Dongcheng District Beijing, PRC	Chinese
Mr. Wu Guojia (吳國佳)	No. 2, Lane 99 Yiminhe Road Hongkou District Shanghai, PRC	Chinese
Mr. Zhang Junjie (張俊傑)	Phase 2, Tianzhu Yutianxia Linyin Road Shunyi District Beijing, PRC	Chinese
Ms. Wu Xia (吳夏)	Building 2 19 Minyuan South Road Haidian District Beijing, China	Chinese
Mr. Jonathan H. Chou (周嘉鴻)	5867 Dry Oak Dr Almaden Villas San Jose California United States	American
Dr. Jiang Hualiang (蔣華良)	No. 35, Lane 333 Qingtong Road, Zhangjiang Pudong New Area Shanghai, PRC	Chinese
Ms. Sun Zhixiang (孫志祥)	3301, No. 7, Lane 323 Hongguan Road, Hongkou District Shanghai, PRC	Chinese

Please see the section headed "Directors and Senior Management" in this prospectus for further details of our Directors**.**

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors	**J.P. Morgan Securities (Far East) Limited** 28/F, Chater House 8 Connaught Road Central Hong Kong **Citigroup Global Markets Asia Limited** 50th Floor, Champion Tower Three Garden Road Central Hong Kong **China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
Joint Global Coordinators	**J.P. Morgan Securities (Asia Pacific) Limited** 28/F, Chater House 8 Connaught Road Central Hong Kong **Citigroup Global Markets Asia Limited** 50th Floor, Champion Tower Three Garden Road Central Hong Kong **China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
Joint Bookrunners and Joint Lead Managers	**J.P. Morgan Securities (Asia Pacific) Limited** *(in relation to the Hong Kong Public Offering)* 28/F, Chater House 8 Connaught Road Central Hong Kong **J.P. Morgan Securities plc** *(in relation to the International Offering)* 25 Bank Street Canary Wharf London E14 5JP United Kingdom

Citigroup Global Markets Asia Limited
(in relation to the Hong Kong Public Offering)
50th Floor, Champion Tower
Three Garden Road
Central
Hong Kong

Citigroup Global Markets Limited
(in relation to the International Offering)
33 Canada Square
Canary Wharf
London E14 5LB
United Kingdom

China International Capital Corporation Hong Kong Securities Limited
29/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Legal advisers to our Company

As to Hong Kong and United States laws:

Sidley Austin
39/F, Two International Finance Center
8 Finance Street
Central
Hong Kong

As to PRC laws:

Commerce & Finance Law Offices
6/F, NCI Tower
A12 Jianguomenwai Avenue
Chaoyang District
Beijing, China

As to Cayman Islands laws:

Maples and Calder (Hong Kong) LLP
26th Floor, Central Plaza
18 Harbor Road
Wanchai
Hong Kong

Legal advisers to the Joint Sponsors and the Underwriters	*As to Hong Kong and United States laws:* **Simpson Thacher & Bartlett** 35/F, ICBC Tower 3 Garden Road Central Hong Kong *As to PRC laws:* **Jingtian & Gongcheng** 45/F, K. Wah Center 1010 Huaihai Road Xuhui District Shanghai, China
Auditor and Reporting Accountants	**KPMG** *Certified Public Accountants* 8th Floor, Prince's Building 10 Chater Road Central Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** 1018 Tower B, Greenland Hui Center 500 Yunjin Road Shanghai PRC
Receiving Bank	**Bank of China (Hong Kong) Limited** 1 Garden Road Hong Kong

Registered Office	P.O. Box 10008 Willow House, Cricket Square Grand Cayman, KY1-1001 Cayman Islands
Head Office and Principal Place of Business in the PRC	No. 1601 Zhangdong Road Zhangjiang Hi-Tech Park Pudong New District Shanghai, PRC
Principal Place of Business in Hong Kong	Room 1901, 19/F, Lee Garden One 33 Hysan Avenue, Causeway Bay Hong Kong
Company's Website	**www.cardioflowmedtech.com** *(information on this website does not form part of this prospectus)*
Joint Company Secretaries	**Ms. Li Xiangmei (李香梅)** No. 1601 Zhangdong Road Zhangjiang Hi-Tech Park Pudong New District Shanghai, PRC **Ms. Chan Lok Yee (陳濼而)** *Associate member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in United Kingdom* Room 1901, 19/F, Lee Garden One 33 Hysan Avenue, Causeway Bay Hong Kong
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Remuneration Committee	Ms. Sun Zhixiang (孫志祥) *(Chairwoman)* Dr. Luo Qiyi (羅七一) Mr. Jonathan H. Chou (周嘉鴻)
Nomination Committee	Dr. Luo Qiyi (羅七一) *(Chairman)* Dr. Jiang Hualiang (蔣華良) Ms. Sun Zhixiang (孫志祥)
Compliance Adviser	**Somerley Capital Limited** 20/F, China Building 29 Queen's Road Central Hong Kong
Principal Share Registrar and Transfer Office	**Tricor Services (Cayman Islands) Limited** P.O. Box 10008 Willow House, Cricket Square Grand Cayman, KY1-1001 Cayman Islands
Hong Kong Share Registrar	**Computershare Hong Kong Investor Services Limited** Shops 1712-1716 17th Floor, Hopewell Center 183 Queen's Road East Wanchai Hong Kong
Principal Bank	**Shanghai Pudong Development Bank, Zhangjiang Innovation Sub-branch** 56 Boyun Road Pudong New District Shanghai, PRC

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

OVERVIEW OF VALVULAR HEART DISEASE

Classification of Heart Diseases

Heart disease, often used interchangeably with the term "cardiovascular disease", is a general term that describes heart abnormalities, including structural heart diseases, coronary heart disease, arrhythmia and heart failure. In 2019, heart disease caused 18.4 million deaths globally, representing 32.7% of global deaths in the same year. Structural heart disease is a new concept proposed in the

1 In connection with the Global Offering, we commissioned Frost & Sullivan, an Independent Third Party, to prepare a report on China's transcatheter valve therapeutic procedural medical device markets. We have agreed to pay a total of RMB1 million in fees for the preparation of the Frost & Sullivan Report. Frost & Sullivan is a market research and consulting company founded in 1961 that provides market research on a variety of industries including healthcare.

In preparing the report, Frost & Sullivan conducted primary and secondary research to collect data and deliver conclusions. In detail, Frost & Sullivan collected and reviewed publicly available data such as government-derived information, annual reports and industry association statistics, as well as market data collected by conducting interviews with key industry experts and leading industry participants. Primary research includes in-depth, telephone and face-to-face discussion with key industry experts and leading industry participants. Secondary research includes (i) government-derived information, such as National Health and Family Planning Commission, US Food and Drug Administration, National Medical Products Administration and etc. (ii) Frost & Sullivan in-house research (iii) industry reports (iv) industry literature and (v) annual reports of listed companies. In particular, according to Frost & Sullivan, the number of eligible patients and relevant analysis are based on epidemiological and clinical studies and literature research, which has taken into consideration the learning curve of physicians and the qualifications and capabilities of hospitals that can perform TAVI procedures.

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

- the overall social, economic and political environment in the PRC is expected to remain stable during the forecast period;
- China's economic and industrial development is likely to maintain steady growth over the next decade;
- key industry drivers, such as accelerated aging population, growing demands from healthcare institutions, the increasing prevalence of chronic diseases, and continuous technology innovation are likely to drive the growth of China's medical device market during the forecast period; and
- no extreme force majeure or industry regulation will dramatically or fundamentally affect the market.

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

field of cardiovascular disease in recent years, which, in a broad sense, refers to any abnormality of the heart structure and any disease related to the heart and large blood vessel structure other than the primary cardiac disease and circulatory disease. The narrow structural heart disease refers to the pathophysiological changes of the heart caused by anatomical abnormality changes in the heart structure, including (i) congenital heart disease; (ii) valvular heart disease; (iii) cardiomyopathy; and (iv) ventricular septal perforation, ventricular aneurysm, scar myocardial, etc.

Valvular heart disease is a structural heart disease involving the damage to or defect in one of the four heart valves, namely aortic, tricuspid, mitral and pulmonary valves. With valvular heart disease, the valves become too narrow and hardened to open fully (stenosis), or are unable to close completely (regurgitation). In 2019, approximately 213.2 million patients suffered from valvular heart disease globally, which caused 2.6 million deaths. Aortic stenosis and mitral regurgitation are the most common types of valvular heart diseases by prevalence, representing 9.2% and 45.4% respectively of global valvular heart disease patients in 2019. Tricuspid valve disease, including tricuspid stenosis and tricuspid regurgitation, is another common type of valvular heart disease.

Valvular heart disease is a common structural heart disease in China. In 2019, there were 36.3 million patients suffering from valvular heart disease in China, which is expected to increase to 40.2 million in 2025. In particular, aortic stenosis, mitral regurgitation and tricuspid regurgitation represent 11.8%, 29.2% and 25.1% of valvular heart disease patients in China in 2019, respectively. Valvular heart disease is increasingly prevalent among the population aged over 65 years old in China, primarily because of the prevalence of rheumatic fever and degenerative changes, along with other factors including the improvement of living standards, aging population and life-time dilation. The population over 65 years old in China is 176.0 million in 2019, representing 12.6% of the total population, and is expected to reach 309.3 million in 2030, representing 21.5% of the total population. With increasing health consciousness, the improvement of patient affordability, the expansion of governmental medical reimbursement coverage and the improvement of living standards, the visiting rate and the diagnostic rate of valvular heart disease are expected to significantly grow in the near future.

Aortic Valve Disease

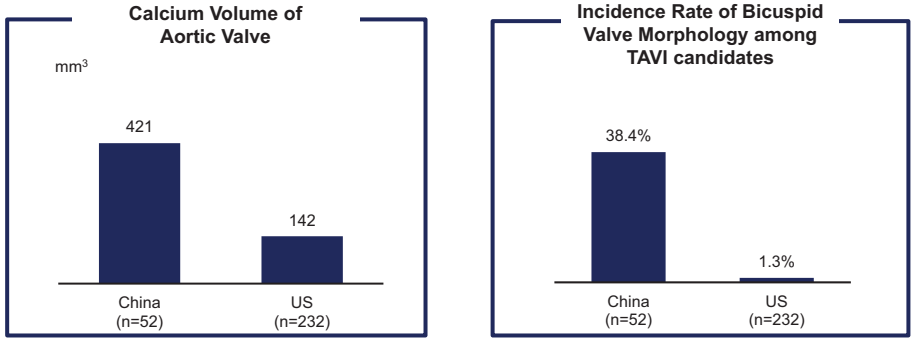
Aortic Stenosis

Overview of Aortic Stenosis

Aortic stenosis ("**AS**") is the narrowing of the aortic valve, obstructing the blood flow from the left ventricle to the ascending aorta during systole. Causes of AS mainly include congenital bicuspid aortic valve, idiopathic degenerative sclerosis with calcification and rheumatic fever. Unless an aortic valve replacement procedure is performed promptly, the mortality rate for patients that progressed to the symptomatic stage of AS within two years following diagnosis is higher than 50%.

Compared with AS patients in the U.S., AS patients in China generally have a higher calcium volume and high percentage of bicuspid aortic valve morphology. Such features generally require certain special designs in TAVI products, such as special frame design with strong bottom radial force to push aside the valve leaflets with severe calcification. The following chart illustrates the comparison between

China and the U.S in respect of calcium volume and the bicuspid valve morphology incidence rates based on 52 sampled patients in China and 232 sampled patients in the U.S.



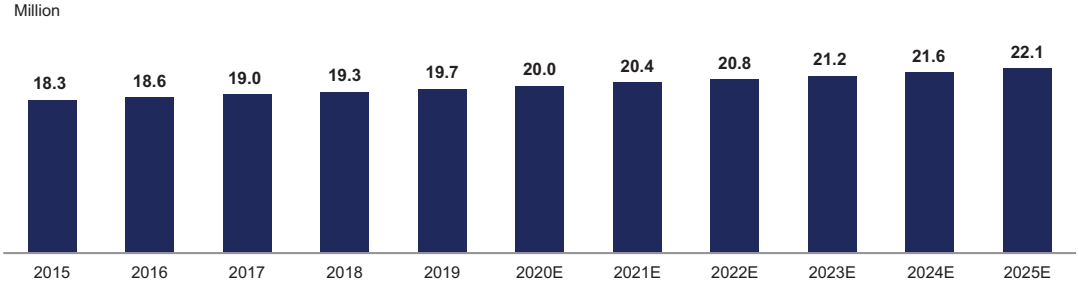
Source: Frost & Sullivan Report

Prevalence of Aortic Stenosis

Generally speaking, the prevalence of AS is associated with aging. Globally, 2% to 7% of adults over 65 years old suffer from AS. The number of global AS patients increased from 18.3 million in 2015 to 19.7 million in 2019, and is expected to reach 22.1 million in 2025. The following chart sets forth the historical and forecasted prevalence of AS globally.

Global Prevalence of Aortic Stenosis[1], 2015-2025E

Period	CAGR
2015-2019	1.8%
2019-2025E	2.0%



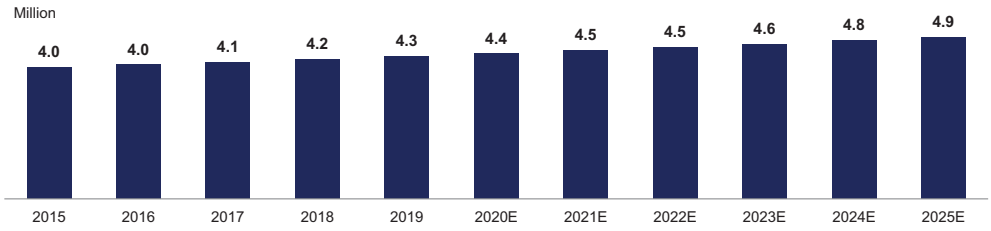
1. Unless otherwise specified, aortic stenosis includes congenital aortic stenosis, rheumatic aortic stenosis and degenerative aortic stenosis, among others.

Source: Frost & Sullivan Report

In China, the number of AS patients increased from 4.0 million in 2015 to 4.3 million in 2019, and is expected to reach 4.9 million in 2025. The following chart sets forth the historical and forecasted prevalence of AS in China.

Prevalence of Aortic Stenosis in China, 2015-2025E

Period	CAGR
2015-2019	2.0%
2019-2025E	2.2%



Source: Frost & Sullivan Report

Aortic Regurgitation

Overview of Aortic Regurgitation

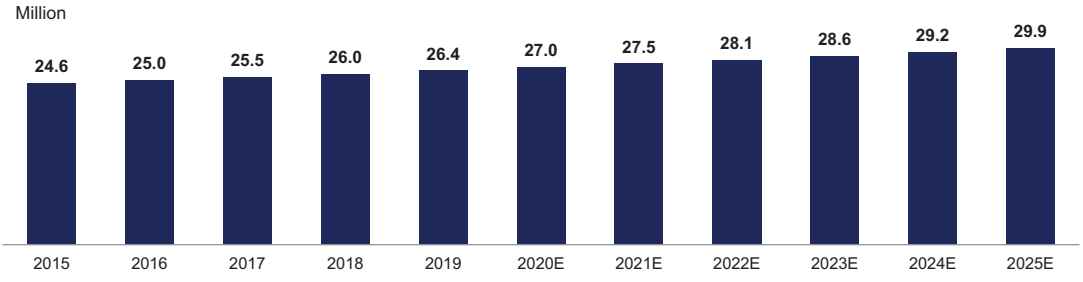
Aortic regurgitation ("**AR**") is the incompetency of the aortic valve of the heart that causes blood to flow in the reverse direction during ventricular diastole, from the aorta into the left ventricle. Causes of AR include valvular degeneration, rheumatic disease, endocarditis and aortic root dilation. Typically many AS patients are also accompanied with AR symptoms and there are very few pure-AR patients. Current treatment methods for AR primarily include SAVR and valve repair, and, to a lesser extent, certain TAVI products.

Prevalence of Aortic Regurgitation

Global AR patient population gradually increased from 24.6 million in 2015 to 26.4 million in 2019, and is expected to reach 29.9 million in 2025. The following chart sets forth the historical and forecasted prevalence of AR globally.

Global Prevalence of Aortic Regurgitation, 2015-2025E

Period	CAGR
2015-2019	1.9%
2019-2025E	2.1%

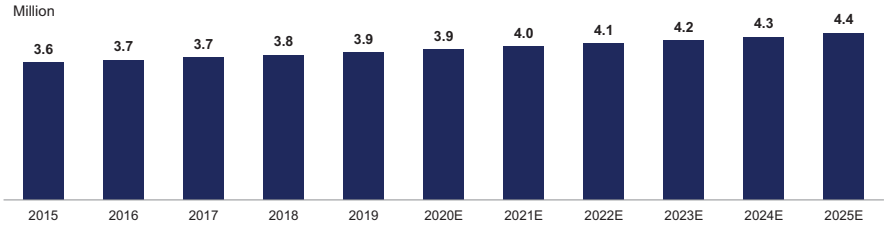


Source: Frost & Sullivan Report

In China, the number of AR patients increased from 3.6 million in 2015 to 3.9 million in 2019, and is expected to reach 4.4 million in 2025. The following chart sets forth the historical and forecasted prevalence of AR in China.

Prevalence of Aortic Regurgitation in China, 2015-2025E

Period	CAGR
2015-2019	1.8%
2019-2025E	2.1%



Source: Frost & Sullivan Report

Mitral Valve Disease

Mitral valve disease mainly consists of mitral regurgitation ("**MR**") and mitral stenosis. Major causes of mitral valve disease include congenital disease, rheumatic fever and aging. In 2019, 113.0 million patients globally were affected by mitral valve diseases, which is expected to reach 127.1 million in 2025. In 2019, there were 16.4 million patients in China suffering from mitral valve diseases, which are expected to reach 18.8 million in 2025.

Mitral Regurgitation

Overview of Mitral Regurgitation

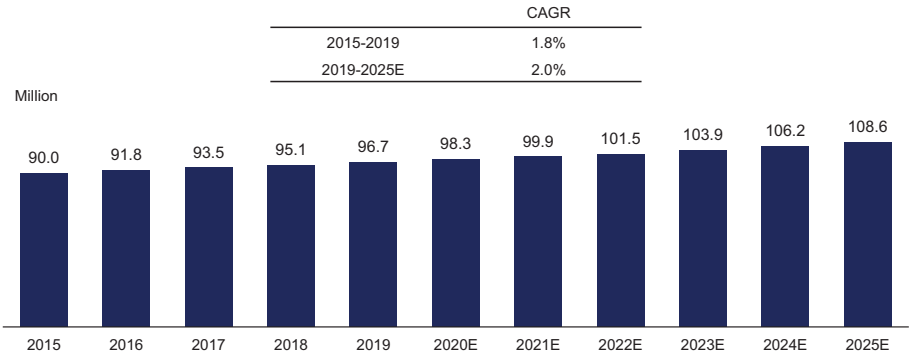
MR refers to the mitral valve's inability to close completely, causing blood to flow from the left ventricle into the left atrium during ventricular systole. Generally, the prevalence of MR is associated with aging. Among the population over 65 years old, over 15% and 25% suffer from MR in western countries[(1)] and China respectively**.** Studies have indicated that patients diagnosed with severe MR who do not undergo surgery generally have mortality rates of 20% after one year following diagnosis and 50% after five years following diagnosis.

(1) "Western countries" refer to western developed countries that have a high TAVI penetration rate, primarily including the United States and developed countries in Europe, such as the United Kingdom and Germany

Prevalence of MR

Globally, the population of MR patients increased from 90.0 million in 2015 to 96.7 million in 2019, and is expected to reach 108.6 million in 2025. The following chart sets forth the historical and forecasted prevalence of MR globally.

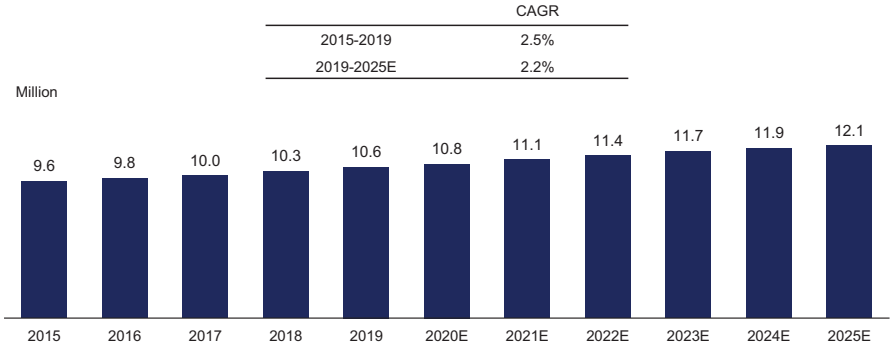
Global Prevalence of Mitral Regurgitation, 2015-2025E



Source: Frost & Sullivan Report

In China, the population of MR patients increased from 9.6 million in 2015 to 10.6 million in 2019, and is expected to reach 12.1 million in 2025. The following chart sets forth the historical and forecasted prevalence of MR in China.

Prevalence of Mitral Regurgitation in China, 2015-2025E



Source: Frost & Sullivan Report

Tricuspid Valve Disease

Tricuspid valve disease mainly consists of tricuspid regurgitation ("**TR**") and tricuspid stenosis. TR is the inability of the tricuspid valve to close completely, causing blood to flow from the right ventricle to the right atrium during systole. The prevalence of TR globally had reached 49.6 million in 2019, with a CAGR of 2.1% from 2015 to 2019, and is estimated to reach 55.9 million patients in 2025. The prevalence of TR in China had reached 9.1 million in 2019 and is estimated to grow to 9.9 million in 2025. However, due to the difficulties in developing effective treatments and challenges in performing surgeries for tricuspid valve disease, as of the Latest Practicable Date, there were only three commercialized TTV repair products in Europe, none of which had been approved in the U.S. or China.

Treatment for Valvular Heart Diseases

Overview

Valvular heart diseases may be treated by pharmacological approach or surgical procedures. As of the Latest Practicable Date, surgical procedures for valvular heart diseases were categorized into (i) traditional open-chest surgery, (ii) minimally invasive valve surgery, and (iii) transcatheter valve therapy ("**TVT**"), such as TAVI, TMV repair, TMV replacement and TTVR procedures. In the future, TVTs are expected to be key directions of the development of treatments for valvular heart diseases in light of their advantages of lower surgical risks, minor trauma, shorter postoperative hospitalization time and less incidences of postoperative complications.

Treatment for Aortic Valve Diseases

Overview

AS can be treated by surgical procedures. In recent years, TAVI has emerged to be one of the treatment methods for severe aortic stenosis patients, especially for those who are inoperable by traditional surgical procedure, namely SAVR. According to the guideline on valvular heart disease released by the American College of Cardiology and American Heart Association ("**ACC/AHA Guideline**") in 2014, SAVR is recommended for patients with low or intermediate surgical risk (patients with an STS Score below 8), and TAVI is a reasonable alternative to SAVR for patients with high surgical risk (patients with an STS Score above 8). In the updated version of the ACC/AHA Guideline in 2017, the application of TAVI was expanded to patients with intermediate surgical risk (patients with an STS Score between 4 to 8). In August 2019, FDA approved the performing of TAVI procedures on patients with low to intermediate surgical risk. It is expected that regulators in China will follow a similar trend and TAVI will be approved for patients with low to intermediate surgical risks in China in the future. Further, there are also a number of AS patients that can not be treated by SAVR. In 2019, these SAVR inoperable patients amounted to approximately 1.1 million and approximately 230,100 globally and in China, respectively.

Comparison between SAVR and TAVI

For years, SAVR was the standard treatment for severe AS patients. During SAVR procedure, an incision is made in the chest to access the heart and the heart is stopped for removing and replacing the dysfunctional aortic valve with a new valve, which is relatively more invasive. TAVI is a globally advanced TVT where a prosthetic aortic valve is implanted using a guide tube called a catheter. Usually, the catheter is inserted into the artery in patient's groin (transfemoral approach) or through a small incision in the patient's chest (transapical or transaortic approach). In general, the transfemoral approach is less invasive, which is accessed through the femoral artery without an incision but with a needle catheter and long wires allowing access to the dysfunctional valve. As a result, the transfemoral approach is the most recommended method for clinical practice in China. The transapical approach involves accessing the chest into the apex of the patient's heart and the transaortic approach requires cutting through a portion of the breastbone or through a small incision between the ribs on the right side of the sternum.

Generally, compared with SAVR procedures, TAVI procedures provide a less invasive treatment solution. TAVI procedures typically take one to two hours to perform, whereas SAVR procedures

typically take three to six hours to perform. In addition, TAVI adopts an interventional operation method, causing less surgical risks, minor trauma and therefore has shorter hospitalization time and postoperative recovery period. The charts below set forth a comparison between TAVI procedures and SAVR procedures in China.

○ Low ● High		SAVR	TAVI
Surgery	Anesthesia	General	Local/General
	Complexity	●	◔
	Risk	◕	◑
	Time	● ~4-5 hours	◑ ~2-3 hours
Results	Wounds	●	◑
	Complications	◕ Infection, stroke, blood clots and irregular heartbeats, etc.	◔ Conduction block, stroke and PVL, etc.
	in-hospital time	2~3 weeks	1~2 week
Cost	Valve	○ ~RMB10,000 to 30,000	◕ ~RMB200,000 to 300,000
	Total (Including Valve and Operation)	◑ ~RMB60,000 to 80,000	● ~RMB300,000

Source: Frost & Sullivan Report

Compared with SAVR procedures, TAVI procedures generally have higher requirements for the qualifications of hospitals and equipment of the facilities. According to the Consensus of Chinese Experts on Transcatheter Aortic Valve Replacement (經導管主動脈瓣置換術中國專家共識) and Expert Consensus on Clinical Pathway of Transcatheter Aortic Valve Replacement in China (中國經導管主動脈瓣置換術臨床路徑專家共識), TAVI procedures are supposed to be performed at a hybrid operation room or a modified cardiac catheterization room, which should be equipped with a digital subtraction angiography system, anesthesia equipment, echocardiography equipment and extracorporeal circulation, among others. Hospitals that can perform over 400 PCIs per year are considered eligible hospitals for TAVI procedures. In addition, TAVI procedures shall involve multiple-disciplinary cardiac teams consisting of two to three interventional physicians each with experience of over 200 interventional operations per year, one to two cardiac surgeons, one radiologist, one anesthesiologist, one echocardiography doctor and two to three nurses. Physicians also need to at least perform 20-30 TAVI procedures as learning curve to master the core skills in a TAVI procedure. As such, in 2019, there were 604 eligible hospitals for TAVI procedures in China but only 156 hospitals performed TAVI procedures.

Treatment for Mitral Regurgitation

For patients with severe MR, the standard treatment is mitral valve replacement or repair under extracorporeal circulation through open-chest surgery. TMV repair and TMV replacement have emerged as two possible alternative therapeutic options for the treatment of severe MR in patients with prohibitive or high surgical risks. Most of the current TMV repair or replacement technologies rely on the placement and fixation in the native mitral annulus and left ventricle, which is likely to result in complications such as causing obstruction of the LVOT, impairing function of the left ventricle and leading to device embolization.

Treatments for mitral valve disease are subject to the following inherent biomechanical challenges.

- *Complexity.* The cause of mitral valve disease often involves a combination of an ineffective valve, other cardiovascular failure or cardiovascular damages. The treatment of mitral valve disease is therefore much more complicated.
- *Position and structure.* The position (between the left atrium and left ventricle) and the annulus of the mitral valve increase the difficulty of precisely positioning the artificial valve, which sets higher requirements on the design of the delivery system.
- *Stent.* The large size of the mitral annulus may require a larger stent to be implanted in a TMV repair/replacement procedure. However, such a large stent may have an adverse impact, such as obstruction of the left ventricular outflow and thrombosis, and therefore, requires better designs.
- *Saddle-shaped.* Mitral annulus is saddle-shaped, which added challenges in device sizing and positioning, and as a result may lead to higher risks of complications during or after the TMV repair/replacement procedure.
- *Prone to structural damage.* Compared to the aortic valve, the mitral valve is more prone to structural damage as it is under higher left ventricular systolic pressure, which requires higher durability.

To date, there are only seven commercialized TMV repair or replacement products globally, with only one being approved in China. There are also several TMV repair or replacement products under development to overcome these difficulties. New therapies such as using a supra-annular, atrial-only fixation technology to preserve the critical cardiac structure within the left ventricle are under development to provide more solutions for patients with mitral valve diseases.

Treatment for Tricuspid Valve Disease

Valve repair or replacement is indicated when TR is due to primary valve abnormalities or when annuloplasty is not technically feasible. However, due to the difficulties in developing effective treatments and challenges in performing surgeries for tricuspid valve disease, to date there are only three commercialized TTV repair products in Europe, none of which had been approved in the U.S. or China.

The mitral valve and the tricuspid valve share certain structural similarities. The geometric and characteristics changes of the right ventricle can directly affect the tricuspid regurgitation, whereas mitral regurgitation is largely affected by the geometric and characteristic of the left ventricle. As a result, studies have indicated the possibility to transform certain TMV technologies in the treating of tricuspid valve disease.

TAVI MARKET

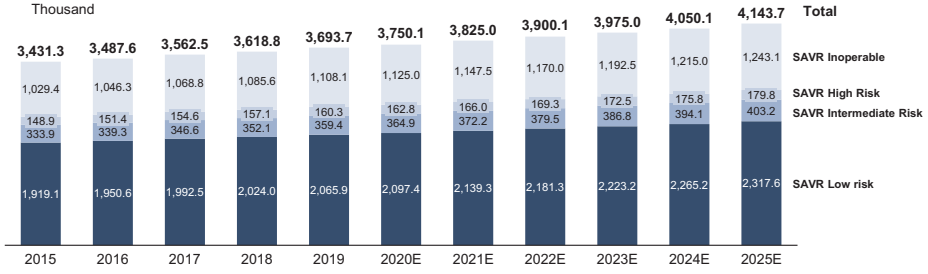
Global Market

Eligible patients for TAVI procedures include SAVR inoperable patients, SAVR high-risk patients, as well as SAVR intermediate-risk and low-risk patients, which were included in the

indications of TAVI by the FDA in August 2019. Globally, the number of eligible patients for TAVI procedures increased from approximately 3.4 million in 2015 to approximately 3.7 million in 2019, and is expected to reach 4.1 million in 2025. The table below sets forth the historical and forecasted number of eligible patients for TAVI procedure globally.

Global Eligible Patients for TAVI Procedures, 2015-2025E

Period	CAGR
2015-2019	1.9%
2019-2025E	1.9%

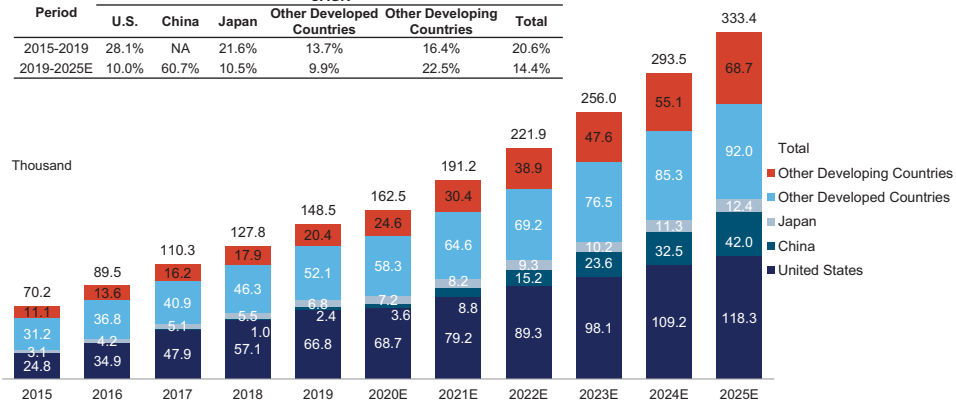


Source: Frost & Sullivan Report

In 2019, over 80.0% of the global TAVI procedures were completed in developed countries, including the United States and Japan, with nearly one eligible patient in every five on average having received TAVI treatment in the same year. In contrast, the penetration rate in China was only 0.3% in 2019. Driven by the large patient pool, the increasing acceptance of TAVI procedure by patients, the increasing number of eligible hospitals and qualified practitioners, the expected favorable medical insurance reimbursement inclusion, and the aging population, it is expected that China will experience the highest growth rate in the future, representing a CAGR of 60.7% from 2019 to 2025. In addition, other developing countries excluding China are also expected to experience rapid growth in the future, increasing at a CAGR of 22.5% from 2019 to 2025. The following chart sets forth the historical and forecasted number of global TAVI procedures by regions.

Number of Global TAVI Procedures, 2015-2025E

Period	CAGR					
	U.S.	China	Japan	Other Developed Countries	Other Developing Countries	Total
2015-2019	28.1%	NA	21.6%	13.7%	16.4%	20.6%
2019-2025E	10.0%	60.7%	10.5%	9.9%	22.5%	14.4%



Source: Frost & Sullivan Report

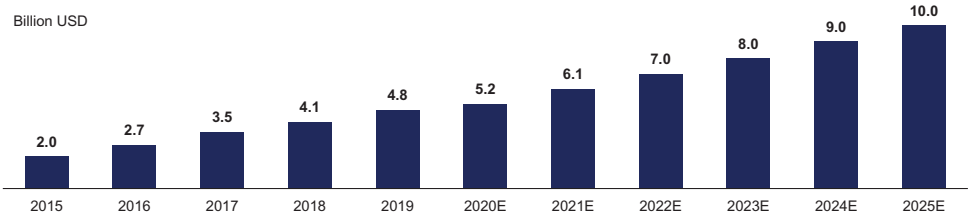
Market Size

The global TAVI market has experienced rapid growth, growing from US$2.0 billion in 2015 to US$4.8 billion (or RMB32.3 billion) in 2019. It is expected that it will continue its growth and reach

US$10.0 billion (or RMB67.3 billion) in 2025, doubling the market size in 2019. The following chart sets forth the historical and forecasted growth of the global TAVI market.

Global TAVI Market Size, 2015-2025E

Period	CAGR
2015-2019	25.1%
2019-2025E	12.9%



Source: Frost & Sullivan Report

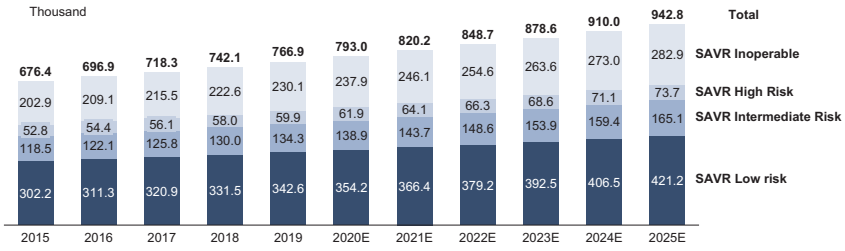
China Market

Eligible Patients for TAVI Procedures

Currently, TAVI is only approved for aortic stenosis patients who are not suitable for surgeries and patients with high surgical risks in China. In 2019, there were approximately 290,000 aortic stenosis patients that fall within the current addressable patient group for TAVI procedures in China. In contrast, in recent years, FDA has expanded the indications of TAVI to include aortic stenosis patients with low to intermediate surgical risks. According to Frost & Sullivan, it is expected that TAVI will also be approved for aortic stenosis patients with low to intermediate surgical risks in China in the future. Accordingly, all of these patients are considered eligible patients for TAVI procedures. The number of eligible patients for TAVI procedures in China increased from approximately 676,400 in 2015 to approximately 766,900 in 2019 and is expected to reach approximately 942,800 in 2025. The following chart sets forth the historical and forecasted number of eligible patients for TAVI procedures in China.

China Total Eligible Patients for TAVI Procedures, 2015-2025E

Period	CAGR
2015-2019	3.2%
2019-2025E	3.5%



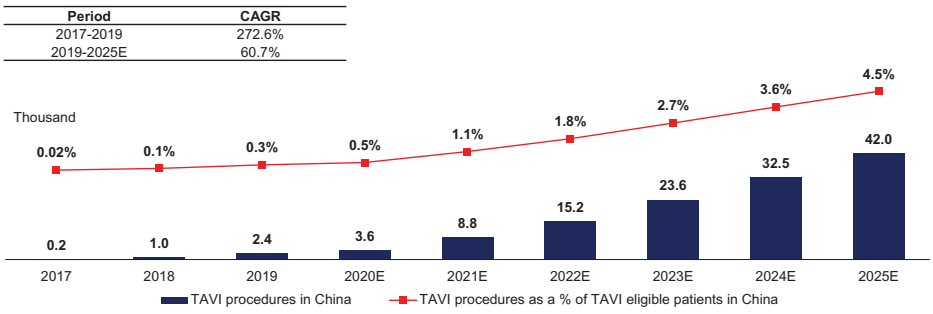
Source: Frost & Sullivan Report

Number of TAVI procedures and Penetration Rate

In 2019, there were only approximately 2,400 TAVI procedures performed in China, treating only 0.3% of the eligible patient group. With the growing acceptance of TAVI procedures, an increasing number of eligible hospitals and the expected inclusion of SAVR intermediate- and low-risk patients in indications, it is expected that 4.5% of the eligible patients for TAVI procedures in

China will benefit from the approximately 42,000 TAVI procedures in 2025. The following chart sets forth the historical and forecasted penetration rate and the growth of TAVI procedures in China.

TAVI Procedures[1] and Penetration Rate in China, 2017-2025E



Note:

1. The number of TAVI procedures only includes surgeries with commercial TAVI products

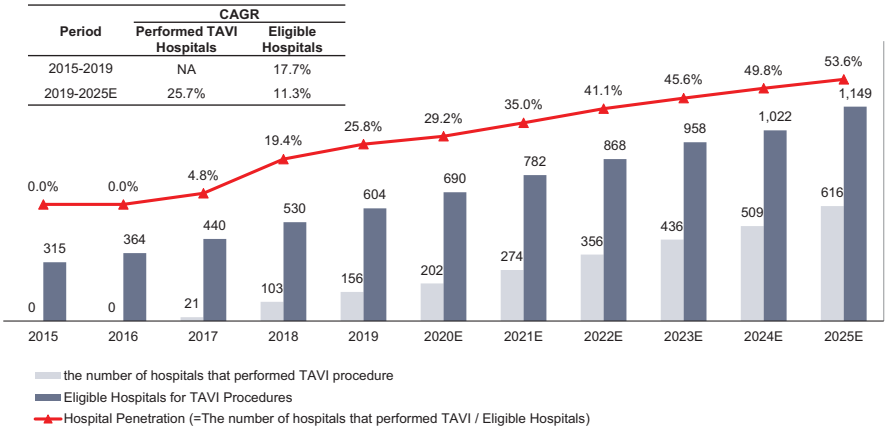
Source: Frost & Sullivan Report

Eligible Hospitals to Perform TAVI Procedures in China

Due to the complexity of TAVI procedures, hospitals that can perform over 400 PCIs per year are considered eligible hospitals for TAVI procedure. In 2019, there were 604 eligible hospitals for TAVI procedures in China but only 156 hospitals performed TAVI procedures. The TAVI market in China is highly concentrated with respect to hospitals with the Top 20 TAVI Hospitals playing an important role in the market. It is expected that in 2020, 73.5% of the TAVI in China will be performed at the Top 20 TAVI Hospitals in 2020.

The future growth of TAVI market in China will also be driven by the expansion of eligible hospital group for TAVI procedures and the higher hospital penetration rate. With the development in physician training and hospital infrastructure and increasing availability of clinical resources to support the multi-disciplinary nature of TAVI procedure, it is expected that in 2025, there will be 1,149 eligible hospitals for TAVI procedures in China. Market players that can provide customized assistance to these hospitals in performing their first TAVI procedures are expected to benefit the most from these growth opportunities. The following chart sets forth the historical and forecasted eligible hospitals for TAVI procedures and the number of hospitals that have performed or is expected to perform TAVI procedures in China.

Eligible TAVI Hospitals and Hospital Penetration Rate in China, 2015-2025E

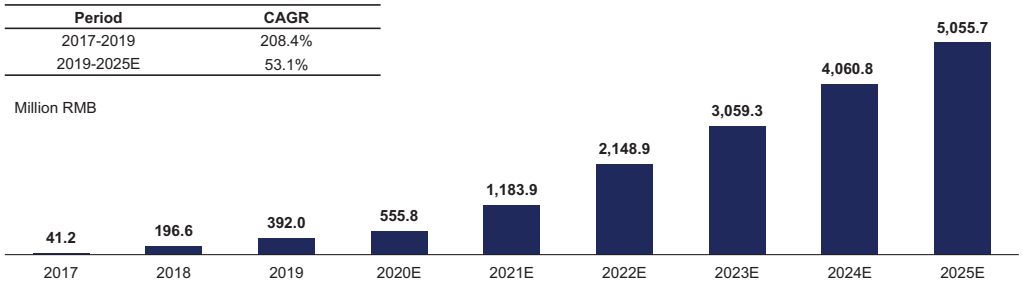


Source: Frost & Sullivan Report

Market Size and Growth Drivers

In 2019, the market size of the TAVI market in China was RMB392.0 million. It is expected that the TAVI market will experience rapid growth at a CAGR of 53.1%, reaching RMB5,055.7 million in 2025. The following chart sets forth the historical and forecasted growth of China's TAVI market.

China's TAVI Market Size, 2017-2025E



Source: Frost & Sullivan Report

The future growth of China's TAVI market will be primarily driven by the following factors.

- *Aging population.* With the increasing life expectancy, China has entered an aging society. In 2019, the population over 65 years old is 176.0 million in China, representing 12.6% of the total population, which is expected to reach 309.3 million, representing 21.5% of the total population in 2030. As valvular heart diseases, in particular AS, are usually associated with aging population, it is expected that aging population will drive the future growth of China's TAVI market.

- *Clinical advantage of TAVI.* Compared with the traditional SAVR method, studies have indicated that TAVI will have a lower mortality rate, and reduced risks of stroke. As TAVI is less invasive, patients generally will experience minor trauma and shorter postoperative recovery. In general, the choice between TAVI and SAVR will involve making trade-offs between multiple treatment attributes, including invasiveness, speed of recovery, mortality rates and risks of postoperative complications. With the increasing availability of trial data and study results, Chinese patients and physicians will gradually increase their preference to TAVI procedures.

- *Increasing number of qualified TAVI practitioners and eligible hospitals.* As a relatively new technology, TAVI imposes high requirements on surgical equipment, personnel configuration and technical operation. In May 2020, The updated Consensus of Chinese Experts on Transcatheter Aortic Valve Replacement (經導管主動脈瓣置換術中國專家共識) (the "**Consensus**") was released. The Consensus set out the technical training and physician cultivation. Further, TAVI products that have gradually adopted technologies such as the motorized handle can shorten the learning curve of physicians. In addition, it is expected that the number of eligible hospitals for TAVI procedures will increase to 1,149 in 2025, almost doubling the number in 2019, which will also drive the growth of China's TAVI market.

- *Application expansion on patients with low-to-intermediate surgical risk*. In August 2019, FDA approved the performing of TAVI procedures on patients with low to intermediate surgical risk. It is expected that regulators in China will follow a similar trend and TAVI will be approved for patients with low to intermediate surgical risks in China in the future, which will drive the future growth of China's TAVI market.

- *Favorable Policy Environment.* Guidelines of Plan for Development of the Pharmaceutical Industry (醫藥工業發展規劃指南) was issued to encourage the research and development and commercialization of innovative medical devices. Moreover, an expanded national reimbursement list for innovative medical devices was planned to be implemented according to the Health and Wellness Plan in Thirteenth Five-year ("十三五"衛生與健康規劃). Such favorable government policies may also sustain the further development of the TAVI market.

Future trends

It is expected that China's TAVI market will experience the following trends.

- *Significant increase in penetration rate.* Given the clinical advantages of TAVI products and the availability of clinical trial data, the social recognition and acceptance of TAVI have already gradually increased among hospitals and patients, which will also improve the market dynamic from the supply side. A portion of SAVR or other cardiovascular surgeries is also expected to turn into TAVI procedures in the future.

- *Technology upgrade to reduce risks of TAVI complications.* Common TAVI complications, such as stroke, PVL and arrhythmia, can lead to increased postoperative mortality and hospital re-admission. To tackle this problem, TAVI products have adopted some technology upgrades, such as better skirt design. It is expected that such technology upgrades will significantly help lower the risk of TAVI complications. Market players are also developing engineering miniaturization or ingenious ways of the delivery system. In addition, in line with market trends in the U.S and Europe, it is expected TAVI companies need to provide more in-sale services, including product unpacking and assembly and provision of assistance during the TAVI procedure, to familiarize physicians with these technology upgrades.

- *Affordability.* Companies with advanced technology, scaled-up production capacity and cost-effective research and development platform are expected to launch more affordable products in the future to better address unmet needs in the treatment of aortic valve disease patients.

- *Products tailored to Chinese patients.* Compared with patients in the U.S., patients in China with severe AS have higher degrees of aortic valve calcification and more tendency to BAV abnormalities. It is expected that TAVI products in China will adopt unique designs to address such physical conditions of Chinese patients.

Overseas Markets

In 2019, over 80% of the global TAVI procedures were completed in developed countries. In 2019, there were approximately 66,800 TAVI procedures performed in the U.S., approximately 6,800

TAVI procedures performed in Japan and approximately 52,100 performed in other developed countries. Among these countries, developed countries in Europe present significant opportunities for foreign medical device companies as these countries are regulated under the same EMA-administered regulatory framework where medical devices bearing the CE Mark can be marketed in these countries. In addition, foreign medical device manufacturers may use clinical trial data obtained in clinical trials that comply with the international standards to support the CE Mark application, which makes the registration pathway more efficient and cost-effective.

In addition, TAVI markets in developing countries are still under-penetrated but have high potential for future growth. In general, these countries do not require additional domestic clinical trials for medical devices that have already obtained marketing approval from developed countries or regions (such as the FDA approval and the CE Mark) and/or its country of origins. In 2019, there were approximately 20,400 TAVI procedures performed in developing countries excluding China which is expected to grow at a CAGR of 22.5% to approximately 68,700 in 2025.

COMPETITIVE LANDSCAPE

TAVI Market

As of the Latest Practicable Date, VitaFlow™ was one of the four domestically-developed TAVI products that had been approved for commercialization in China. In addition to VitaFlow™, VenusA-Valve and VenusA-Plus of Venus Medtech, J-Valve of Suzhou Jiecheng and SAPIEN 3 of Edwards Lifesciences had also been approved for commercialization in China. As of the same date, VitaFlow™ II was one of the three upgraded products under or beyond clinical trial stage in China. The following chart summarizes major TAVI products reaching clinical trial or commercialization stage in China.

Company	Product	Stage	Approval time[1]	Vascular Approach[2]	Expanding Mechanism[3]	Leaflet Material[4]	Profile	Retrievability	Outer Sealing Skirt	Motorized Handle	Price[5] RMB
MicroPort	VitaFlow™	Commercialized	2019.7	TF	SE	BP	16F,18F	×	√	√	196,000
	VitaFlow™ II	Registration in progress	NA	TF	SE	BP	NA	√	√	√	NA
启明医疗 VENUS MEDTECH	VenusA-Valve	Commercialized	2017.4	TF	SE	PP	16F,18F 19F,20F	×	×	×	248,000
	VenusA-Plus	Approved	2020.11	TF	SE	PP	NA	√	×	×	NA[6]
苏州杰成医疗	J-Valve	Commercialized	2017.4	TA	SE	PP	NA	×	×	×	260,000
Edwards	SAPIEN 3	Commercialized	2020.6	TF	BE	BP	14F,16F	×	√	×	Approximately 380,000
PEIJIA	TaurusOne	Registration in progress	NA	TF	SE	BP	18F	×	√	×	NA
	TaurusElite	Clinical trial	NA	TF	SE	BP	NA	√	√	×	NA

Notes:

1. The actual approval time is based on the NMPA announcements.
2. TF refers to transfemoral approach. TA refers to transapical approach.
3. SE refers to self-expanding mechanism. BE refers to balloon-expandable mechanism.
4. BP refers to bovine pericardium. PP refers to porcine pericardium.
5. The prices of VenusA-Valve, J-Valve and VitaFlow™ set forth herein are provided by Frost & Sullivan, based on the public wholesale tender prices of the relevant products in China as of the Latest Practicable Date. The prices of such products may be subject to changes, over which we do not have control. The price of SAPIEN 3 is mainly based on its global pricing and public information.

6. As VenusA-Plus has recently been approved by the NMPA in November 2020, as of the Latest Practicable Date the price of VenusA-Plus was not publicly available.

Source: Frost & Sullivan Report

The following table sets forth the clinical trial results of major TAVI products reaching clinical trial or commercialization stage in China.

Company	Product	30-days Mortality Rate[1]	30-days Major (Disabling) Stroke[1]	1-year Mortality Rate[1]	1-year Major (Disabling) Stroke[1]	1-year Moderate to Severe PVL Rate	1-year Major Vascular Complications	2-year Mortality Rate[1]	2-year Major (Disabling) Stroke[1]	3-year Mortality Rate[1]	3-year Major (Disabling) Stroke[1]
MicroPort	VitaFlow™	0.9%	0.0%	2.7%	0.0%	0.0%	2.7%	4.5%	0.0%	10.9%	1.8%
	VitaFlow™ II	5.0%	0.0%*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
启明医疗 VENUS-MEDTECH	VenusA-Valve	5.0%	1.0%	5.9%	1.0%	4.2%	5.9%	8.9%	1.0%	12.9%	1.0%
	VenusA-Plus	4.8%	1.6%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
苏州杰成医疗	J-Valve	4.7%	0.0%	5.6%	2.0%	1.1%	N/A	9.1%	2.0%	10.8%	N/A
Edwards	SAPIEN 3 (U.S. Trial)	2.2%	0.9%*	14.4%	2.4%*	2.7%	N/A	N/A	N/A	N/A	N/A
	SAPIEN 3 (China Trial)	0.0%	2.0%*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PEIJIA	TaurusOne	1.7%	NA	6.7%	N/A	1.0%	4.2%	N/A	N/A	N/A	N/A
	TaurusElite	N/A	NA	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

1. The data is from pivotal clinical trial of corresponding products and not head-to-head clinical results. VitaFlow™ (N=110), VitaFlow™ II (N=60), VenusA-Valve (N=101), VenusA-Plus(N=62), J-Valve (N=107), TaurusOne (N=120), SAPIEN 3 China Trial (N=50), U.S. Trial (N=583)

*: The data marked with * represent the incidences of disabling stroke.

Source: Frost & Sullivan Report

The efficacy, durability and operability of TAVI products are usually determined by the following key technologies:

- *Skirt design.* A better skirt design can optimize the sealing effect and effectively reduce PVL and regurgitation. PVL is one of the major complications post-TAVI procedures, which may lead to atrial fibrillation, pulmonary hypertension, or even heart failure.

- *Pericardium material.* Bovine pericardium and porcine pericardium are the most used pericardium materials. Bovine pericardium contains as much as two times collagen that porcine pericardium contains and provides a larger effective orifice area, which in turn reduces the damage to the valve caused by the blood flow. In addition, the bovine pericardium is generally thicker, has greater durability compared with porcine pericardium and is less likely to incur complications. As a result, bovine pericardium has been dominating the global TAVI market with over 55% market share and substantially the entire global SAVR market.

- *Delivery system.* Each TAVI product has been equipped with a delivery system controlled by either a motorized or manual handle. Motorized handles can concurrently deploy valve

and position guidewires. In addition, the motorized handle also makes the deployment of the valve easier to control, which will help shorten the learning curve for physicians.

TMV Market

For patients with severe MR, the standard treatment is mitral valve replacement or repair under extracorporeal circulation through open-chest surgery. However, due to the lack of effective treatment method and commercialized products as well as the inherent higher surgical risks attributable to the characteristics of mitral valve, in 2019, only less than 1% of the patients with MR received surgical treatment. The vast but underserved TMV market indicated significant growth potential and global TMV market is expected to increase to US$17.4 billion (or RMB117.0 billion) by 2030 and will eventually grow to three to four times of the TAVI market size.

Currently, there are only seven TMV repair or replacement products that received FDA approval or CE Mark, including six TMV repair products and one TMV replacement products. MitraClip, which was recently approved by the NMPA in June 2020, was the only TMV repair product that has been approved for commercialization in the United States, Europe and China. In January 2020, Tendyne TMV replacement product was approved by the EMA, becoming the first TMV replacement product worldwide that obtained marketing approval. The following table sets forth TMV repair or replacement product that received marketing approval in the U.S, Europe or China.

Marketed TMV Repair and Replacement Products

Product	Tendyne	MitraClip	CARILLON Mitral Contour System	NeoChord DS1000	Cardioband	PASCAL	MPAS Implant
							
FDA Approval	—	2013	—	—	—	—	—
CE Mark	2020	2008	2009	2013	2015	2019	2016
NMPA Approval	—	2020	—	—	—	—	—
Approach	Replacement (High or Extreme risk)	Edge to Edge Repair	Indirect Annuloplasty	Chordal Repair	Direct Annuloplasty	Edge to Edge Repair	Direct Annuloplasty
Access	Transapical	Transfemoral & Transseptal	Right internal jugular vein	Transapical	Transfemoral & Transseptal	Transfemoral & Transseptal	Transfemoral

Source: Frost & Sullivan Report

As global TMV market remains at an early development stage, there is a wide range of TMV repair or replacements under development. In China, most domestic companies are focusing on feasibility studies or animal studies for their TMV products and there is only one TMV repair product reaching clinical trial stage in China, namely ValveClamp from Hanyu Medical.

The following is a brief summary of the laws and regulations in the PRC that currently materially affect our business operations. The principal objective of this summary is to provide potential investors with an overview of the key laws and regulations applicable to us. This summary does not purport to be a comprehensive description of all the laws and regulations applicable to our business and operations and/or which may be important to potential investors. Investors should note that the following summary is based on laws and regulations in force as of the date of this prospectus, which may be subject to change.

PRC REGULATORY OVERVIEW

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

LAWS AND REGULATIONS RELATING TO MEDICAL DEVICES

Regulation and Classification of Medical Devices

Pursuant to the Regulations on the Supervision and Administration of Medical Devices (醫療器械監督管理條例) amended by the State Council and came into effect on May 4, 2017, the Food and Drug Administration of the State Council shall be responsible for the supervision of medical devices of the PRC. All relevant departments of the State Council shall be responsible for the supervision of medical devices within their respective scope of duties. Food and drug supervision and administration departments of the local people's governments at the county level and above are responsible for the supervision of medical devices within their own administrative jurisdictions. The relevant departments of the local people's governments at the county level and above are responsible for the supervision of medical devices within their respective scope of duties.

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

Registration and Filings of Medical Device Products

Pursuant to 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 of Medical Devices (醫療器械註冊管理辦法) promulgated by the NMPA on July 30, 2014 and came into effect on October 1, 2014, for the filings of the medical device products of Class I, the parties undergoing the filings of medical devices shall submit the filing materials to the food and drug supervision and administration departments of the local people's government at the districted city level. In case of any amendment to

matters stated in the filings, such amendment shall be filed with the original filing department. The medical devices of Class II and Class III shall be subject to the product registration administration. Medical devices of Class II shall be examined by the food and drug supervision and administration departments of the people's governments of the provinces, autonomous regions or municipality where such applicants are located. A registration certificate for such medical device shall be issued upon approval. Medical devices of Class III shall be examined by the Food and Drug Administration of the State Council. A registration certificate for such medical device shall be issued upon approval. In case of any substantial change of the designs, raw materials, production technologies, scopes of application and application methods, etc., of the registered medical device products of Class II or Class III, which may affect the safety and effectiveness of such medical devices, the registrants shall apply to the original registration departments for changing registration.

The registration certificate for a medical device is valid for five years and the registrant shall apply to the food and drug supervision and administration departments for renewal six months prior to its expiration date. According to the latest Regulations on Supervision of Medical Devices (醫療器械監督管理條例), where the period of validity of the medical device registration certificate needs to be extended upon the expiration, an application for such extension shall be made to the original registration department six months before the expiration. Except for the circumstances set forth below, the food and drug supervision and administration department that receives the application shall make the decision to approve the extension before the expiration of the medical device registration certificate. If the decision is not made within the time limit, it is deemed as an approval. An application for renewal registration shall not be approved under any of the following circumstances: (i) the registrant fails to apply for extending the registration within the specific time limit; (ii) where the compulsory standards for medical devices have been revised, and the medical devices applied for extending the registration cannot meet the new requirements; and (iii) for medical devices in urgent demand used for treating rare diseases and responding to emergent public health events, the matters stipulated in the medical device registration certificate fail to be finished within the specific time limit.

Clinical trials are not required for the filing of the medical devices of Class I, but necessary for the application for the registration of the medical devices of Class II and Class III. However, medical devices listed in the Catalogue of Medical Device Exempted from Clinical Trials issued on September 28, 2018 (《免於進行臨床試驗醫療器械目錄（修訂）》) (the "**Exemption Catalog**") promulgated by the NMPA, as amended, are exempted from clinical trial requirements and medical devices may be exempt from clinical trials under any of the following circumstances:

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

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

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

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

According to the regulations mentioned above and as confirmed by our company, among our product candidates, the sheath and guidewire are exempted from clinical trial requirements in accordance with the Exemption Catalog, and balloon catheter II and balloon catheter III fall into the conditions that the safety and effectiveness of such medical devices can be proved through the analysis and evaluation of the data obtained from the clinical trials or clinical application of the same categories of medical devices, thus, these devices can apply for exemption from clinical trial for NMPA approval.

Medical Device Production Permit

According to the Regulations on Supervision of Medical Devices (醫療器械監督管理條例), in addition to the required medical device registration certificates, a producer of medical devices shall file a record with or obtain a production license from food and drug administrative authorities at relevant level before commencing production. The medical device production license is valid for five years. Where the period of validity for the license needs to be extended upon expiry, the procedures for such extension shall be handled in accordance with the provisions of relevant laws on administrative licensing. For any changes to the contents or particulars stated in the production license, an application shall be submitted to relevant food and drug administrative authorities for registration of changes. For any changes to the contents or particulars stated in the certificates for production filing of Class I medical devices, the certificates shall be filed with relevant food and drug administrative authorities for registration of changes.

According to the Administrative Measures for the Supervision of the Production of Medical Devices (醫療器械生產監督管理辦法), which was promulgated by the NMPA on July 30, 2014 and became effective on October 1, 2014, and was amended on November 17, 2017, an enterprise engaging in the production of Class I medical devices shall complete record-filing with the food and drug supervision and administration departments under the people's government of the city with districts where it is located and submit supporting materials evidencing its compliance with the criteria specified in the Regulations on Supervision of Medical Devices for engaging in the production of such medical devices; an enterprise engaging in the production of Class II and Class III medical devices shall apply for a production license from the food and drug supervision and administration departments under the people's government of the province, autonomous region or municipality directly under the central government where it is located and submit supporting materials evidencing its compliance with the criteria specified in the Regulations on Supervision of Medical Devices for engaging in the production of such medical devices and the product registration certificates of such medical devices.

The revised draft amendment to the Regulation on the Supervision and Administration of Medical Devices 《醫療器械監督管理條例修正案(草案)》 (the "Draft Amendment") has ended the stage for public consultation, from June 25, 2018 to July 24, 2018. As of the Latest Practicable Date, the Draft Amendment had not been formally promulgated and implemented. Compared with the

currently enforced Regulation on the Supervision and Administration of Medical Devices which was amended in 2017, the main changes are concentrated on the following aspects: (i) clarifying the system of "holders of medical device marketing license"; (ii) reforming the clinical trial management system; (iii) optimizing the approval process; and (iv) improving post-approval regulatory requirements. In terms of the clinical trial management system, the Draft Amendment has clarified the definition of "clinical evaluation" (臨床評價) and its application on different class of medical devices. Clinical trials are in principle required for medical devices of Class III that are intended to support or sustain life or clinical use with high risk. The Draft Amendment has also added the term of "clinical trial" (臨床試驗) approval of medical devices of Class III which may pose relatively high risks to human bodies according to the clinical trials thereof and has changed the explicit permission to implied permission; the clinical trial requirements of medical devices for the diseases that are seriously life-threatening while have no effective treatments have been reduced conditionally. In terms of medical device marketing, the Draft Amendment has clarified that the entity under either self-operating or authorized-operating model which shall be responsible for, among others, product quality and quality control system is the holder of medical device marketing license, and has added new requirements on online sales of medical devices. In terms of regulatory requirements, the Draft Amendment has expanded the scope of supervision to all aspects of development, production, operation and use, and has added extended inspection and monitoring methods. The Company considered that the implementation of the Draft Amendment if as presently drafted will not have material impacts on the Group's ongoing and planned clinical trials, sales and registration based on the scope of business and ongoing operation and other activities of our Group.

Production and Quality Management of Medical Devices

Pursuant to the Administrative Measures on the Supervision of the Production of Medical Devices (醫療器械生產監督管理辦法) and the Standards on Production and Quality Management of Medical Devices (醫療器械生產質量管理規範) promulgated by the CFDA on December 29, 2014 and came into effect on March 1, 2015, an enterprise engaging in the production of medical devices shall establish and effectively maintain a quality control system in accordance to the requirements of the Standards on Production and Quality Management of Medical Devices. The enterprise engaging in the production of medical devices shall regularly conduct comprehensive self-inspection on the operation of quality management system in accordance with the requirements of the Standards on Production and Quality Management of Medical Devices and submit a self-inspection report to the food and drug supervision and administration departments of the local people's governments of the provinces, autonomous regions, municipalities or at the districted city level before the end of every year. The enterprise shall establish its procurement control procedure and assess its suppliers by establishing an examination system to ensure the purchased products are in compliance with the statutory requirements. The enterprise shall record the procurement, production and inspection of raw materials. Such records shall be true, accurate, complete and traceable.

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

Pursuant to The Notice of Four Guidelines including On-site Inspection Guidelines for the Standards on Production and Quality Management of Medical Devices (關於印發醫療器械生產質量管

理規範現場檢查指導原則等4個指導原則的通知) promulgated by the CFDA on September 25, 2015 and came into effect on September 25, 2015, during the course of on-site verification of the registration of medical devices and on-site inspection of production permit, including change production permit, the inspection team will, in accordance with the guidelines, issue recommended conclusions for on-site inspections, which shall be divided into "Passed," "Failed" and "Reassessment after rectification." During the supervision and inspection, if it is found that the requirements of the key items or ordinary items that may have direct impact on product quality are not satisfied, the enterprise shall suspend production and go through rectification. If it is found that the requirements of the ordinary items are not satisfied, and it does not directly affect product quality, the enterprise shall rectify in a prescribed time. The regulatory authorities will examine and verify the recommended conclusions and on-site inspection materials submitted by the inspection group, and issue the final inspection results.

Good Clinical Practice for Medical Devices

On March 1, 2016, the NMPA and the National Health and Family Planning Commission jointly promulgated the Good Clinical Practice for Medical Devices (醫療器械臨床試驗質量管理規範), which became effective as of June 1, 2016. The regulation includes full procedures of clinical trial of medical devices, including, among others, the protocol design, conduction, monitoring, verification, inspection, and data collection, recording, analysis and conclusion and reporting procedure of a clinical trial. For conducting clinical trials of medical devices, an applicant shall organize to formulate scientific and reasonable clinical trial protocol based on the categories, risks and intended use of the medical devices for the clinical study. The applicant shall be responsible for organizing to develop and revise the researcher's manual, clinical trial protocol, informed consent form, case report form, relevant standard operating procedures and other relevant documents, and shall be responsible for organizing necessary trainings for the clinical trials. The applicant shall select the clinical trial institutions and its researchers from the qualified medical device clinical trial institutions according to the characteristics of the medical devices to be used in the clinical study.

Guidelines for Clinical Trials of Transcatheter Aortic Valve Implantation

In February 2019, the NMPA formally promulgated the Guidelines for Clinical Trials of Transcatheter Aortic Valve Implantation (《經導管植入式人工主動脈瓣膜臨床試驗指導原則》) (the "TAVI Clinical Trial Guidelines"). The purpose of the TAVI Clinical Trial Guidelines is to further standardize the premarketing clinical trials of Transcatheter Aortic Valve Implantation products and to guide the preparation of clinical trial data for applicants of such products when applying for the product registration.

The TAVI Clinical Trial Guidelines are the general requirements for the clinical trial of Transcatheter Aortic Valve Implantation. The applicant should enrich and refine the contents of clinical trial scheme according to the characteristics of the specific products.

Permit for Medical Device Operation

According to the Regulations on Supervision of Medical Devices (醫療器械監督管理條例) and the Administrative Measures for Supervision of the Operation of Medical Devices (醫療器械經營監督管理辦法), which was promulgated by the NMPA on July 30, 2014 and became effective on October 1, 2014, and was amended and implemented on November 17, 2017 respectively, an

enterprise engaging in the operations of Class I medical devices is not required to obtain approval or file a record. An enterprise engaging in the operations of Class II medical devices is required to file a record with the food and drug supervision and administration departments of the city with districts where it is located. An enterprise engaging in the operations of Class III medical devices shall obtain operation permit from the food and drug supervision and administration departments of the city with districts where it is located.

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

Special Procedures for Examination and Approval of Innovative Medical Devices

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

Pursuant to the Special Procedures for Examination and Approval of Innovative Medical Devices (創新醫療器械特別審查程序), which were promulgated by the NMPA on November 2,2018 and came into effect on December 1, 2018, special procedures shall be applicable to the examination and approval for medical devices in the following circumstances: (1) the applicant legally owns the invention patent of the core technology of the product through its technological innovation activities in the PRC, or legally obtained the invention patent or the right of use thereof through transfer in the PRC, and the interval between the date of application for the special examination and approval of innovative medical devices to the date of authorized publication should not exceed five years; or the patent administration department of the State Council has disclosed the application for the invention patent of the core technology and the Patent Search and Consultation Center of the National Intellectual Property Administration of the PRC (國家知識產權局專利檢索諮詢中心) has issued the patent search report setting out the novelty and innovation of the core technology solution of the product; (2) the applicant has developed the prototype product and completed the preliminary research under a true and controllable process that generated complete and traceable data; (3) the product has major working mechanism or mechanism of action which is the first of its kind in the PRC, has fundamental improvement in product performance or safety compared with similar products, is of an internationally leading standard in terms of techniques and has significant clinical value. The Center for Medical Device Evaluation of the NMPA (國家藥品監督管理局醫療器械技術審評中心) should give priority to the innovative medical devices in their technical review upon receiving the registration application, after which the NMPA will give priority to the product in their administrative approval.

Two Invoice System

On December 26, 2016, eight government departments including the NMPA issued Notice on Opinions on the Implementation of the "Two Invoice System" in Drug Procurement by Public

Medical Institutions (for Trial Implementation) (關於在公立醫療機構藥品採購中推行"兩票制"的實施意見 (試行)的通知). According to the Notice, the "Two Invoice System" refers to issuing invoice at the time from a pharmaceutical manufacturer to a circulating enterprise, and issuing invoice again at the time from a circulating enterprise to a medical institution. The Notice requires public medical institutions to gradually implement the "Two Invoice System" for drug procurements and encourages other medical institutions to promote the "Two Invoice System" so that the "Two Invoice System" will strive to be widely promoted nationwide by 2018.

On March 5, 2018, six government departments including National Health Commission of the PRC issued the Notice on Consolidating the Achievements of Canceling Drug Markups and Deepening Comprehensive Reforms in Public Hospitals (關於鞏固破除以藥補醫成果持續深化公立醫院綜合改革的通知), which stipulates the implementation of the centralized purchase of high value medical consumables, and that the "Two Invoice System" in relation to high-value medical consumables shall be gradually implemented.

On July 19, 2019, the General Office of the State Council issued 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), which encourages local governments to adopt the "Two Invoice System" combined with actual situation in order to reduce the circulation of high-value medical consumables and promote the transparency of purchase and sales. This task is expected to be completed by the end of 2020.

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

Overseas Clinical Trial Data of Medical Devices

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

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

According to the Technical Guidelines, the overseas clinical trial data submitted by the applicant shall at least include clinical trial protocol, ethical opinions, and clinical trial report which shall

include analysis and conclusions on the complete clinical trial data. If the overseas clinical trial data meets the relevant requirements of registration in China, and the data is scientific, complete and sufficient, it will be accepted. If the overseas clinical trial data meets the basic requirements of the Technical Guidelines, but additional information needs to be supplemented according to the relevant technical requirements for registration in China, supplementary clinical trials can be conducted within or outside China. As the supplementary clinical trial data and original overseas clinical trial data are in accordance with the relevant technical requirements of registration in China after comprehensive evaluation, overseas clinical trial data will be accepted.

Sampling and Collecting Human Genetic Resources Filing

On June 10, 1998, the Ministry of Science and Technology and the Ministry of Health promulgated the Interim Administrative Measures on Human Genetic Resources (人類遺傳資源管理暫行辦法), which established the rules for protecting and utilizing human genetic resources in the PRC. On July 2, 2015, the Ministry of Science and Technology issued the Service Guide for Administrative Licensing Items concerning Examination and Approval of Sampling, Collecting, Trading, or Exporting Human Genetic Resources, or Taking Such Resources out of the PRC (人類遺傳資源採集、收集、買賣、出口、出境審批行政許可事項服務指南), which became effective on October 1, 2015 according to the Circular on Implementing the Approval of Sampling, Collecting, Trading or Exporting Human Genetic Resources (關於實施人類遺傳資源採集、收集、買賣、出口、出境行政許可的通知), which clarified that the sampling and collection of human genetic resources though clinical trials shall be required to be filed with the China Human Genetic Resources Management Office through the online system. On October 26, 2017, the Ministry of Science and Technology promulgated the Circular on Optimizing the Administrative Examination and Approval of Human Genetic Resources (關於優化人類遺傳資源行政審批流程的通知) which became into effect on December 1, 2017, simplifying the approval of sampling and collecting human genetic resources for the purpose of listing a drug in the PRC.

On May 28, 2019, the State Council promulgated the Administrative Regulations on Human Genetic Resources of the PRC (中華人民共和國人類遺傳資源管理條例), which came into effect on July 1, 2019. According to the provisions therein, the State shall support the rational utilization of human genetic resources to carry out scientific research, develop the biomedical industry, improve diagnosis and treatment technologies, improve the biosafety guarantee capabilities of China, and improve people's health protection level. And foreign organizations, individuals and the institutions established or actually controlled thereby shall not collect or preserve China's human genetic resources within the territory of China, nor shall they take China's human genetic resources out of the country. Furthermore, the collection, preservation, utilization, and external provision of China's human genetic resources shall comply with the ethical principles of human genetic resources providers and be subject to ethical review in accordance with relevant regulations of the State.

Export Registration

Pursuant to the Rules on the Application and Issuance of Medical Device Exporting Certificate (《醫療器械產品出口證明申辦規定》) promulgated by the NMPA and came into effect on January 6, 1996, the NMPA represents the PRC government to conduct inspections of safety and legality of the products manufactured by domestic enterprises (including the PRC enterprises, Sino-foreign equity joint ventures and foreign-owned enterprises) in accordance with the spirit of the Notice of the

General Office of the State Council on Printing and Distributing the Functional Configuration, Internal Institutions and Staffing Plans of the State Administration of Medicine (Guo Ban Fa No. [1994] 66) (《國務院辦公廳關於印發國家醫藥管理局職能配置、內設機構和人員編製方案的通知》(國辦發[1994]66號)), and to grant Exporting Certificate in accordance with the international conventions so as to prove that such products have obtained legitimate production permit within Chinese territory. Medical Device Exporting Certificate granted by the NMPA must be used with the Safety and Quality Assurance Disclaimer issued by the manufacturers of such products at the same time, and such certificate shall not be used separately. Chinese version of the Exporting Certificate is regarded as the original copy and its English translation is deemed as a copy. Such certificate, except being specified for one time use, is valid for a term of two years.

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

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

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

Advertisements of Medical Devices

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

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

National Medical Insurance Program

The national medical insurance program was adopted pursuant to the Decision of the State Council on the Establishment of the Urban Employee Basic Medical Insurance Program (國務院關於建立城鎮職工基本醫療保險制度的決定) issued by the State Council on December 14, 1998, under which all employers in urban cities are required to enroll their employees in the Urban Employee Basic Medical Insurance Program and the insurance premium is jointly contributed by the employers

and employees. Pursuant to the Opinions on the Establishment of the New Rural Cooperative Medical System (關於建立新型農村合作醫療制度意見的通知) forwarded by the General Office of the State Council on January 10, 2003, China launched the New Rural Cooperative Medical System to provide medical insurance for rural residents in selected areas which has since spread to the whole nation. The State Council promulgated the Guiding Opinions of the State Council about the Pilot Urban Resident Basic Medical Insurance (國務院關於開展城鎮居民基本醫療保險試點的指導意見) on July 10, 2007, under which urban residents of the pilot district, rather than urban employees, may voluntarily join Urban Resident Basic Medical Insurance. In 2015, the PRC government announced the Outline for the Planning of the National Medical and Health Service System (2015-2020) (全國醫療衛生服務體系規劃綱要(2015-2020年)) which aims to establish a basic medical and health care system that covers both rural and urban citizens by 2020.

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

With regard to reimbursement for medical devices and diagnostic tests, the Notice of Opinion on the Diagnosis and Treatment Management, Scope and Payment Standards of Medical Service Facilities Covered by the National Urban Employees Basic Medical Insurance Scheme (Lao She Bu Fa [1999] No. 22) (《關於印發城鎮職工基本醫療保險診療項目管理、醫療服務設施範圍和支付標準意見的通知》) (勞社部發[1999]22號)) prescribes the coverage of diagnostic and treatment devices and diagnostic tests where part of the fees is paid through the basic medical insurance scheme. It also includes a negative list that precludes certain devices and medical services from governmental reimbursement. Detailed reimbursement coverage and rate for medical devices and medical services (including diagnostic tests and kits) are subject to each province's local policies.

Reform Plan on High-Value Medical Consumables

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

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

According to the Administrative Norms on Centralized Procurement of High Value Medical Consumables (for Trial Implementation) (《高值醫用耗材集中採購工作規範(試行)》) issued on

December 17, 2012, high-value medical consumables are defined as medical consumables directly used on human, with strict requirement on safety, in great demand clinically, relatively highly-priced, and strongly reflected by the society. The online centralized procurement (the "**Centralized Procurement**") works of high value medical consumables will be led by government and conducted by each province (region and municipality). Medical institutions and medical consumables production and operation enterprises shall make procurement through the Centralized Procurement platform established by each province (region and municipality). The administrative authorities in charge of the Centralized Procurement in each province (region and municipality) shall be responsible for formulating and preparing a Centralized Procurement list of high value medical devices within its administrative region. High value medical consumables listed on the Centralized Procurement list may be procured by way of public tenders and invitational tenders or by other means stipulated by laws and regulations of the State. After the procurement prices are determined, public medical institutions within relevant regions shall make procurement strictly at bidding prices.

On July 19, 2019, the General Office of the State Council issued the Circular on Reform Plan on Managing High-Value Medical Consumables (Guo Ban Fa No.[2019]37) (關於印發治理高值醫用耗材改革方案的通知(國辦發[2019]37號, the "Circular"). According to the Circular, high-value medical consumables are defined as medical consumables directly used on human, with strict requirement on safety, in great demand clinically, relatively highly-priced, and that can pose heavy burdens on patients. The Circular releases several reform initiatives aiming at managing high-value medical consumables, including: (1) the classification and codes of high-value medical consumables in the national medical insurance system will be unified gradually, and rules on unique device identification in full life cycle of the high-value medical consumables, including but not limited to registration, procurement and usage, will be implemented by the National Healthcare Security Administration, the National Medical Products Administration, and the National Health Commission of the PRC by the end of 2020; (2) The mechanism for including high-value medical consumables in basic medical insurance shall be built, and a list of high-value medical consumables shall be compiled, to strengthen the dynamic adjustment mechanism. The access regulations shall be promulgated by the National Health Commission and the Ministry of Finance as of the end of June 2020; (3) the price markups placed on medical consumables at public hospitals will be abolished, and all medical consumables, including high-value medical consumables will be sold at procurement price at all public hospitals as of the end of 2019; (4) the medical insurance payment policy shall be formulated and implemented by the National Healthcare Security Administration, the Ministry of Finance and the National Health Commission of the PRC. Meanwhile, the medical insurance payment standards on high-value medical consumables will be formulated and the dynamic adjustment mechanism will be established. The medical insurance funds and patients will share the cost of high-value medical consumables according to the medical insurance payment standards, and medical institutions shall further reduce procurement prices under the guidance of the Circular.

Product Liability and Protection of Consumers' Rights

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

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

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

Pursuant to the Tort Law of the PRC (《中華人民共和國侵權責任法》) promulgated by the Standing Committee of the NPC on December 26, 2009 and came into effect on July 1, 2010, a patient may make a claim against a medical institution or producer for any damage arising from defects of a medical device. In respect of any claim made by a patient, the medical institution is entitled to make a claim against the producer after the settlement of the compensation paid to the patient.

LAWS AND REGULATIONS ON COMPANY ESTABLISHMENT AND FOREIGN INVESTMENT

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

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

Equity Joint Venture Enterprise Law of the PRC (中華人民共和國中外合資經營企業法實施條例), Provisional Regulations on the Duration of Sino-Foreign Equity Joint Venture Enterprise Law of the PRC (中外合資經營企業合營期限暫行規定), the Regulations on Implementing the Wholly Foreign-Invested Enterprise Law of the PRC (中華人民共和國外資企業法實施細則) and the Regulations on Implementing the Sino-foreign Cooperative Joint Venture Enterprise Law of the PRC (中華人民共和國中外合作經營企業法實施細則).

The Foreign Investment Law sets out the basic regulatory framework for foreign investments and proposes to implement a management system of pre-establishment national treatment with a negative list for foreign investments, pursuant to which (i) foreign natural persons, enterprises or other organizations (collectively the "**Foreign Investors**") shall not invest in any sector forbidden by the negative list for access of foreign investment, (ii) for any sector restricted by the negative list, Foreign Investors shall conform to the investment conditions provided in the negative list, and (iii) sectors not included in the negative list shall be managed under the principle that domestic investment and foreign investment shall be treated equally. The Foreign Investment Law also sets forth necessary mechanisms to facilitate, protect and manage foreign investments and proposes to establish a foreign investment information report system in which Foreign Investors or foreign-invested enterprises shall submit the investment information to competent departments of commerce through the enterprise registration system and the enterprise credit information publicity system. The organization form and structure and operating rules of foreign-invested enterprises are subject to the provisions of the PRC Company Law, the Partnership Enterprise Law of the PRC (中華人民共和國合夥企業法) and other applicable laws, if applicable.

On December 30, 2019, the Ministry of Commerce (the "**MOFCOM**") and the State Administration for Market Regulation issued the Measures for the Reporting of Foreign Investment Information (外商投資信息報告辦法), which came into effect on January 1, 2020 and replaced the Interim Administrative Measures for the Record-filing of the Incorporation and Change of Foreign-invested Enterprises (外商投資企業設立及變更備案管理暫行辦法). Since January 1, 2020, for carrying out investment activities directly or indirectly in China, the foreign investors or foreign-invested enterprises shall submit investment information to the commerce administrative authorities through the Enterprise Registration System and the National Enterprise Credit Information Publicity System pursuant to these measures.

The Catalog for The Guidance of Foreign Investment Industries

Investments in the PRC by foreign investors and foreign-invested enterprises were regulated by the Catalog for The Guidance of Foreign Investment Industries (外商投資產業指導目錄), last repealed by the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2020 Version)（外商投資准入特別管理措施（負面清單（2020年版）, the "**Negative List 2020**") and the Catalog of Industries for Encouraging Foreign Investment (2019 Version)（鼓勵外商投資產業目錄（2019年版）） (the "**Encouraging Catalog 2019**") which were promulgated by the National Development and Reform Commission and the MOFCOM on June 30, 2019 and became effective on July 30, 2019. Pursuant to the Encouraging Catalog and the Negative List, foreign-invested projects are categorized as encouraged, restricted and prohibited. Foreign-invested projects that are not listed in the Negative List are permitted foreign invested projects.

According to the Encouraging Catalog 2019 and the Negative List 2020, the industry in which our PRC subsidiaries are primarily engaged does not fall into the category of restricted or prohibited industries.

Provisions on Merger and Acquisition of Domestic Enterprises by Foreign Investors

The Provisions on Merger and Acquisition of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定, the "**M&A Rules**"), promulgated by six PRC ministries including MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the State Administration of Taxation (the "**SAT**"), the SAIC, the China Securities Regulatory Commission (the "**CSRC**"), and the SAFE on August 8, 2006, effective from September 8, 2006, amended and became effective on June 22, 2009. The M&A Rules stipulate that foreign investors' merger and acquisition of domestic enterprises shall comply with the requirements stipulated by laws, administrative regulations and rules of China, and policies concerning industry, land and environment. A foreign investor is required to obtain necessary approvals when it: (i) acquires the equity of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (ii) subscribes for the increased capital of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (iii) establishes a foreign-invested enterprise through which it purchases the assets of any domestic enterprise and operates these assets; or (iv) purchases the assets of a domestic enterprise, and then invests such assets to establish a foreign-invested enterprise.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY

The Trademark Law

Trademarks are protected by the Trademark Law of the PRC (Revised in 2019) (中華人民共和國商標法(2019年修訂)) which was promulgated on August 23, 1982 and subsequently amended on February 22, 1993, October 27, 2001, August 30, 2013 and April 23, 2019, respectively as well as the Implementation Regulation of the PRC Trademark Law (Revised in 2014) (中華人民共和國商標法實施條例(2014年修訂)) adopted by the State Council on August 3, 2002 and amended on April 29, 2014. In China, registered trademarks include commodity trademarks, service trademarks, collective marks and certification marks.

The Trademark Office under the SAIC, handles trademark registrations and grants a term of ten years to registered trademarks. Trademarks are renewable every ten years where a registered trademark needs to be used after the expiration of its validity term. A registration renewal application shall be filed within twelve months prior to the expiration of the term. A trademark registrant may license its registered trademark to another party by entering into a trademark license contract. Trademark license agreements must be filed with the Trademark Office for record. The licensor shall supervise the quality of the commodities on which the trademark is used, and the licensee shall guarantee the quality of such commodities. As with trademarks, the PRC Trademark Law has adopted a "first come, first file" principle with respect to trademark registration. Where trademark for which a registration application has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right first

obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a "sufficient degree of reputation" through such party's use.

The Patent Law

Pursuant to the Patent Law of the PRC (《中華人民共和國專利法》) amended by the Standing Committee of the NPC on December 27, 2008 and came into effect on October 1, 2009 and the Implementation Rules of The Patent Law of the PRC (《中華人民共和國專利法實施細則》) amended by the State Council on January 9, 2010 and came into effect on February 1, 2010, patents in China are divided into invention patent, utility patent and design patent. Invention patent refers to new technical solutions for a product, method or its improvement; utility patent refers to new technical solutions for the shape, structure or the combination of both shape and structure of a product, which is applicable for practical use; design patent refers to new designs of the shape, pattern or the combination of shape and pattern, or the combination of the color, the shape and pattern of a product with esthetic feeling and industrial application value. Invention patent shall be valid for 20 years from the date of application while utility patent and design patent shall be valid for ten years from the date of application. The patent right entitled to its owner shall be protected by the laws. Any person shall be licensed or authorized by the patent owner before using such patent. Otherwise, the use constitutes an infringement of the patent right.

The Patent Law of the PRC (revised in 2020) (中華人民共和國專利法（2020年修訂）) has been promulgated by the SCNPC on October 17, 2020 and will come into effect on June 1, 2021. Compared with the valid Patent Law which was amended on December 27, 2008 and come into effect on October 1, 2009, the main changes of the Patent Law of the PRC (revised in 2020) are concentrated on the following aspects: (i) clarifying the incentive mechanism for inventor or designer relating to service inventions; (ii) extending the duration of design patent; (iii) establishing a new system of "open licensing" (開放許可); (iv) improving the distribution of burden of proof in patent infringement cases; and (v) increasing the compensation for patent infringement.

The Copyright Law

Pursuant to the Copyright Law of the PRC (《中華人民共和國著作權法》) amended by the Standing Committee of the NPC on February 26, 2010 and came into effect on April 1, 2010, Chinese citizens, legal persons or other organizations shall, whether published or not, enjoy copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software created in writing or oral or other forms. A copyright holder shall enjoy a number of rights, including the right of publication, the right of authorship and the right of reproduction.

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

Domain Names

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

REGULATIONS RELATING TO FOREIGN EXCHANGE

General Administration of Foreign Exchange

Under the PRC Foreign Currency Administration Rules (中華人民共和國外匯管理條例), promulgated on January 29, 1996 and last amended on August 5, 2008 which is formulated to strengthen the administration of foreign exchange, maintain the balance of international payments, and promote the healthy development of the national economy, and various regulations issued by the SAFE and other relevant PRC government authorities, Renminbi is convertible into other currencies for the purpose of current account items, such as trade related receipts and payments, payment of interest and dividends. The conversion of Renminbi into other currencies and remittance of the converted foreign currency outside the PRC territory for the purpose of capital account items, such as direct equity investments, loans and repatriation of investment, requires the prior approval from the SAFE or its regional office. Payments for transactions that take place within the PRC territory must be made in Renminbi. Unless otherwise approved, PRC companies may repatriate foreign currency payments received from abroad or retain the same abroad. Foreign-invested enterprises may retain foreign exchange in accounts with designated foreign exchange banks under the current account items subject to a cap set by the SAFE or its regional office. Foreign exchange proceeds under the current accounts may be either retained or sold to a financial institution engaging in settlement and sale of foreign exchange pursuant to relevant rules and regulations of the State. For foreign exchange proceeds under the capital accounts, approval from the SAFE is required for its retention or sale to a financial institution engaging in settlement and sale of foreign exchange, except where such approval is not required under the relevant laws and regulations of the PRC.

REGULATIONS ON FOREIGN EXCHANGE REGISTRATION OF OVERSEAS INVESTMENT BY PRC RESIDENTS

The Circular of the State Administration of Foreign Exchange on Issues concerning Foreign Exchange Administration over the Overseas Investment and Financing and Round-trip Investment by Domestic Residents via Special Purpose Vehicles (國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知, the "**Circular 37**"), which was promulgated by SAFE on

July 4, 2014 and became effective on the same date, requires PRC residents or entities to register with SAFE or its regional local branch with respect to their establishment or control of an offshore entity established for the purpose of overseas investment or financing. In addition, such PRC residents or entities must update their SAFE registrations when the offshore special purpose vehicle undergoes material events relating to any change of basic information (including change of such PRC citizens or residents, name and operation term), increases or decreases in investment amount, transfers or exchanges of shares, or mergers or divisions.

The SAFE promulgated the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知, the "**Circular 13**") on February 13, 2015, which became effective on June 1, 2015 and was amended on December 30, 2019. The Circular 13 allows PRC residents or entities to register with qualified banks with respect to their establishment or control of an offshore entity established for the purpose of overseas investment or financing. However, remedial registration applications made by PRC residents that previously failed to comply with the Circular 37 continue to fall under the jurisdiction of the relevant local branch of SAFE. In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from distributing profits to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiary. Moreover, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls.

REGULATIONS RELATING TO EMPLOYMENT AND SOCIAL WARFARE

The Labor Contract Law

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

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

Social Insurance and Housing Fund

As required under the Regulation of Insurance for Labor Injury (工傷保險條例) promulgated on April 27, 2003, implemented on January 1, 2004 and amended on December 20, 2010, the Provisional

Measures for Maternity Insurance of Employees of Corporations (企業職工生育保險試行辦法) promulgated on December 14, 1994 and implemented on January 1, 1995, the Decisions on the Establishment of a Unified Program for Basic Old-Aged Pension Insurance of the State Council (國務院關於建立統一的企業職工基本養老保險制度的決定) issued on July 16, 1997, the Decisions on the Establishment of the Medical Insurance Program for Urban Workers of the State Council (國務院關於建立城鎮職工基本醫療保險制度的決定) promulgated on December 14, 1998, the Unemployment Insurance Measures (失業保險條例) promulgated on January 22, 1999 and the Social Insurance Law of the PRC (中華人民共和國社會保險法) promulgated on October 28, 2010 and implemented on July 1, 2011 and amended on December 29, 2018, enterprises are obliged to provide their employees in the PRC with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, labor injury insurance and medical insurance. These payments are made to local administrative authorities and if employers fail to contribute, they may be ordered to make up within a prescribed time limit and may be liable for a late payment fee equal to 0.05% of the outstanding contribution amount for each day of delay.

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

REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION

According to the Environmental Protection Law of the PRC (中華人民共和國環境保護法) promulgated on December 26, 1989 and latest amended on April 24, 2014; the Law of the PRC on Environment Impact Assessment (中華人民共和國環境影響評價法) revised and became effective on December 29, 2018; the Rules on the Environmental Protection of Construction Projects (建設項目環境保護管理條例) revised on July 16, 2017 and became effective on October 1, 2017; the Interim Measures on the Environmental Protection Acceptance Check on Construction Projects (建設項目竣工環境保護驗收暫行辦法) promulgated on November 20, 2017 and became effective on the same day, for a construction project for which an environmental impact report or environmental impact statement shall be prepared, the construction unit shall submit the environmental impact report or environmental impact statement to the competent administrative department of the environmental protection for approval before starting construction. For a construction project for which an environmental impact registration form shall be filled in according to the law, the construction unit shall submit the environmental impact registration form to the competent administrative department of

the environmental protection for record. For a construction project for which an environmental impact report or environmental impact statement shall be prepared, before starting to operate, the construction unit shall organize the inspection and acceptance, after passing the acceptance check, the project can go into production or be delivered for use.

REGULATIONS RELATING TO TAX

Enterprise Income Tax

According to the Law of the PRC on Enterprise Income Tax (中華人民共和國企業所得税法), enacted on March 16, 2007, effective from January 1, 2008 and amended on February 24, 2017 and December 29, 2018 and the Implementation Regulations for the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得税法實施條例), which was enacted on December 6, 2007 by the State Council, became effective on January 1, 2008 and was amended on April 23, 2019 (collectively, the "**EIT Law**"), and its relevant implementation regulations, taxpayers consist of resident enterprises and non-resident enterprises. Resident enterprises are defined as enterprises that are established in China in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but whose actual or de facto control is administered from within the PRC. Non-resident enterprises are defined as enterprises that are set up in accordance with the laws of foreign countries and whose actual administration is conducted outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from inside the PRC. Under the EIT Law and relevant implementing regulations, a uniform Enterprise income tax rate of 25% is applicable. However, if non-resident enterprises have not formed permanent establishments or premises in the PRC, or if they have formed permanent establishment institutions or premises in the PRC but there is no actual relationship between the relevant income derived in the PRC and the established institutions or premises set up by them, the enterprise income tax is, in that case, set at the rate of 10% for their income sourced from inside the PRC.

VALUE-ADDED TAX AND BUSINESS TAX

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

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

added tax. Unless stated otherwise, for VAT payers who are selling or importing goods, and providing processing, repairs and replacement services in the PRC, the tax rate shall be 17%, in certain limited circumstances, 11%.

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

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

DIVIDEND WITHHOLDING TAX

Pursuant to the Arrangement between Mainland China and Hong Kong for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排) effective from August 21, 2006, no more than 5% withholding tax rate applies to dividends paid by a PRC company to a Hong Kong resident, provided that the recipient is a company that holds at least 25% of the capital of the PRC company. The 10% withholding tax rate applies to dividends paid by a PRC company to a Hong Kong resident if the recipient is a company that holds less than 25% of the capital of the PRC company.

Furthermore, pursuant to the Circular of the State Administration of Taxation on Relevant Issues Concerning the Implementation of Dividend Clauses in Tax Treaties (國家税務總局關於執行税收協定股息條款有關問題的通知), which was promulgated on and effective from February 20, 2009, all of the following requirements should be satisfied where a fiscal resident of the other party to the tax agreement needs to be entitled to such tax agreement treatment as being taxed at a tax rate specified in the tax agreement for the dividends paid to it by a PRC resident company: (a) such a fiscal resident who obtains dividends should be a company as provided in the tax agreement; (b) owner's equity interests and voting shares of the PRC resident company directly owned by such a fiscal resident reaches a specified percentage; and (c) the equity interests of the PRC resident company directly owned by such a fiscal resident, at any time during the 12 months prior to the acquisition of the dividends, reaches a percentage specified in the tax agreement.

In addition, according to the Announcement of the State Administration of Taxation on Promulgation of the Administrative Measures on Non-residents Taxpayers Enjoying Treaty Benefits (國家税務總局關於發佈非居民納税人享受協定待遇管理辦法的公告), which was promulgated by the SAT on October 14, 2019 and became effective on January 1, 2020, non-resident taxpayers claiming treaty benefits shall be handled in accordance with the principles of "self-assessment, claiming benefits, retention of the relevant materials for future inspection". Where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding through the withholding agent, simultaneously gather and retain the relevant materials pursuant to the provisions of these Measures for future inspection, and accept follow-up administration by the tax authorities.

EU REGULATORY OVERVIEW

Overview

As of the Latest Practicable Date, the EU had issued and implemented three medical device directives, including:

- Council Directive 90/385/EEC on Active Implantable Medical Devices (AIMDD) (1990). This directive applies to active implantable medical devices such as cardiac pacemakers and implantable insulin pumps. It came into effect on January 1, 1993.
- Council Directive 93/42/EEC on Medical Devices (MDD) (1993). This directive applies to medical devices and their accessories other than the active implantable devices covered by AIMDD. It took effect on January 1, 1995.
- Directive 98/79/EC of the European Parliament and of the Council on in vitro Diagnostic Medical Devices (IVDMD). This directive applies to *in vitro* diagnostic medical devices and their accessories such as blood cell counters and pregnancy detection devices. Member states of EU were required to adopt and publish the laws, regulations and administrative provisions necessary to comply with IVDMD not later than December 7, 1999 and apply these provisions with effect from June 7, 2000.

Classification of Medical Device

The EU classifies medical device products applicable in the MDD according to their nature, function, and intended purpose. Medical devices are divided into four categories: I, IIa, IIb, and III. Broadly speaking, low-risk medical devices belong to Class I, medium-risk medical devices belong to Class IIa and IIb, and high-risk medical devices belong to Class III. TAVI products are classified as Class III medical device in Europe.

Recent Developments in EU Medical Device Regulations

In 2017, the EU formally adopted and issued the new medical device ("**MDR**") regulation EU2017/745 and the in vitro diagnostic medical device ("**IVDR**") regulation EU2017/746. The MDR regulations incorporate the AIMDD, which is combined with the MDD. These two regulations have come into effect already. The MDR was initially expected to become applicable in May 2020 (which was postponed for one year due to the COVID-19 pandemic). The IVDR is expected to become applicable in 2022.

Key differences between the MDR and the MDD are set out as follows.

- ***Strengthen the compliance responsibilities of manufacturers and economic communities (including agents, distributors).*** Manufacturers need to appoint a person in charge of compliance, who will be primarily responsible for post-market supervision, accident reporting and to ensure all the products are properly inspected in accordance with the requirements of the quality management system before delivered, and that technical documents and compliance statements are updated in a timely manner.

- ***More pre-market review.*** For certain high-risk devices, the pre-market evaluation mechanism will be applied. The evaluation mechanism will be conducted by a panel of experts under the European Commission. This panel of experts will review the preliminary evaluations from the notified body.

- ***Transparency and traceability.*** The EU will adopt the Unique Device Identification ("**UDI**") system to identify and track devices. In addition, the new regulations will establish a revised and publicly-accessible database, which will keep device certification information and clinical research, vigilance, and post-marketing monitoring information. For implantable devices, such as TAVI product, manufacturers are required to summarize its main safety data, clinical performance and the outcome of clinical evaluation in a publicly available document.

- ***Strengthen the supervision of clinical evidence.*** The MDR imposed a higher requirement for the storage of clinical evidence.

The CE Mark registration for VitaFlow™ II will be governed by the newly-adopted MDR. The Company has taken into account the MDR updates with respect to the regulatory pathway of VitaFlow™ II in Europe before initiating the clinical trial in Europe. Accordingly, the MDR will not have a material impact on the registration of VitaFlow™ in Europe.

EMERGING MARKETS REGULATORY OVERVIEW

Currently, there are certain jurisdictions that recognize marketing approval for medical device in the United States, Europe or its country of origin and do not require additional local clinical trial. For example, in Thailand and Argentina, medical devices that have obtained the marketing approval and the certificate for medical device export are eligible for commercialization without undergoing additional clinical trial. In Russia, medical device companies may use clinical data obtained in its country of origin for product registration and do not need to conduct another clinical trial in Russia.

OVERVIEW

We are a medical device company in China focusing on the research, development and commercialization of innovative transcatheter and surgical solutions for valvular heart diseases. Our mission is to improve the lives of valvular heart disease patients by providing optimal and affordable medical solutions through continuous innovation. The history of our Group can be traced back to 2010 when we commenced early feasibility study for VitaFlow™ as an incubation project within the MicroPort Group. Since our Group's establishment, we have mainly focused on the R&D, manufacturing and sale of medical devices treating valvular heart diseases.

KEY MILESTONES

The following is a summary of our Group's key corporate and business development milestones.

Year	Event
2010	Commenced early feasibility study for VitaFlow™.
2014	Commenced the pivotal clinical trial for VitaFlow™.
2015	Completed first implantation of VitaFlow™ for pivotal clinical trial in China. MP CardioFlow was established in Shanghai. Commenced feasibility study for VitaFlow™ II.
2016	Completed the pivotal clinical trial enrollment for VitaFlow™ in China. VitaFlow™ was admitted into the Green Path for Innovative Medical Device by NMPA.
2017	Commenced the Registration Clinical Trial for VitaFlow™ II in China. Met the primary endpoints of the clinical study of VitaFlow™ in China. 2017 Pre-IPO Investment.
2018	Completed the NMPA submission for VitaFlow™ for review. Completed first retrievable VitaFlow™ II implantation for Registration Clinical Trial in China. VitaFlow™ II was admitted into the Green Path for Innovative Medical Device by NMPA. Commenced the clinical trial for VitaFlow™ II in Europe for CE Mark. Invested in ValCare and 4C Medical.
2019	Our Company was incorporated in the Cayman Islands. Obtained marketing approval for VitaFlow™ from NMPA and completed the first VitaFlow™ implantation for commercialization. 2019 Pre-IPO Investment.
2020	2020 Pre-IPO Investment. Obtained marketing approval for VitaFlow™ from the National Administration of Drugs, Foods and Medical Devices of Argentina.

OUR GROUP

Our Company is the holding company of our Group. Our Group carries out operations mainly through our wholly-owned PRC subsidiary, MP CardioFlow.

Our Company

Our Company was incorporated in the Caymans Islands under the Cayman Companies Act with limited liability on January 10, 2019. The initial authorized share capital of our Company was US$50,000 divided into 500,000,000 ordinary shares with a par value of US$0.0001 each. Upon the completion of the Restructuring, our Company became the holding company of our Group. See "—Major Shareholding Changes of Our Group—3. Restructuring" below for details.

MP CardioFlow

MP CardioFlow is a limited liability company established in the PRC on May 21, 2015 and the principal operating subsidiary of our Company through which we conducted our business operations primarily.

MAJOR SHAREHOLDING CHANGES OF OUR GROUP

1. Establishment and initial shareholding changes of MP CardioFlow

On May 21, 2015, MP CardioFlow was established with an initial registered capital of RMB1 million. On November 4, 2015, the registered capital of MP CardioFlow was increased from RMB1 million to RMB8 million, which has been fully paid up in cash.

Pursuant to a capital increase agreement entered into among Shanghai MicroPort Medical, the then sole shareholder of MP CardioFlow, and Chenxue Investment, on February 1, 2016, Shanghai MicroPort Medical and Chenxue Investment subscribed for the increased registered capital of MP CardioFlow of RMB678,500 and RMB1,531,500, at a consideration of RMB9,000,000 and RMB20,330,000, respectively. The consideration of such subscription was determined through arm's length negotiation between the parties with reference to the historical amounts invested in MP CardioFlow by Shanghai MicroPort Medical, and was fully settled in cash on February 28, 2017. Chenxue Investment is a shareholding platform established for employees and former employees of the MicroPort Group who were granted equity interests in MP CardioFlow as incentives. Immediately after such capital increase, the registered capital of MP CardioFlow was increased from RMB8 million to RMB10.21 million, which has been fully paid up in cash, and MP CardioFlow held as to 85% and 15% by Shanghai MicroPort Medical and Chenxue Investment, respectively.

Pursuant to a capital increase agreement entered into among MP CardioFlow, Shanghai MicroPort Medical, Chenxue Investment, Shanghai Jianyi Xinghe Investment Management Center (Limited Partnership) (上海健益興禾投資管理中心(有限合夥)) ("**Jianyi Xinghe**"), an Independent Third Party, on July 21, 2016, Jianyi Xinghe subscribed for the increased registered capital of MP CardioFlow of RMB1,021,000 at a consideration of RMB50,000,000, which was determined through arm's length negotiation between the parties with reference to the valuation of comparable companies at the same developing stage in the market engaged in similar businesses with that of MP CardioFlow, and was fully settled in cash on August 5, 2016. Jianyi Xinghe is a limited partnership established in the PRC, focusing on venture capital investment and investment management businesses. The general partner of Jianyi Xinghe is Shanghai Xingze Investment Management Co., Ltd. (上海杏澤投資管理有限公司), an Independent Third Party. Immediately after such capital increase, the registered capital of MP CardioFlow increased from RMB10.21 million to RMB11.23 million, which has been fully paid

up in cash, and MP CardioFlow was held as to 77.27%, 13.64% and 9.09% by Shanghai MicroPort Medical, Chenxue Investment and Jianyi Xinghe, respectively.

2. 2017 Pre-IPO Investment

On August 22, 2017, MP CardioFlow entered into a share transfer and capital increase agreement (the "**First 2017 Agreement**") with Shanghai MicroPort Medical, Chenxue Investment, Jianyi Xinghe, Huajie, CICC Pucheng and Huatai Ruihe. On October 20, 2017, MP CardioFlow, Shanghai MicroPort Medical, Chenxue Investment and Jianyi Xinghe entered into a share transfer and capital increase agreement (the "**Second 2017 Agreement**") with SDIC Chuanghe. Pursuant to the First 2017 Agreement and the Second 2017 Agreement, Huajie, CICC Pucheng, Huatai Ruihe and SDIC Chuanghe agreed to subscribe for certain interests to be newly issued in the enlarged share capital of MP CardioFlow at an aggregate consideration of RMB277,262,683 and to purchase certain interests in MP CardioFlow held by Chenxue Investment and Jianyi Xinghe at an aggregate consideration of RMB59,090,910 and RMB143,646,407, respectively. On February 8, 2018, MP CardioFlow, Shanghai MicroPort Medical, Chenxue Investment, Jianyi Xinghe, Huajie, CICC Pucheng, Huatai Ruihe and CICC Kangrui entered into a supplemental agreement to the First 2017 Agreement, pursuant to which CICC Pucheng agreed to transfer all of its rights, interests and obligations under the First 2017 Agreement to CICC Kangrui, and CICC Kangrui accordingly replaced CICC Pucheng as an investor of our Group.

Pursuant to the First 2017 Agreement and the Second 2017 Agreement, the 2017 Pre-IPO Investment was carried out through the following steps:

Step 1:

Step 1-a: Chenxue Investment transferred 1.80%, 1.70% and 0.57% equity interests in MP CardioFlow held by it to Huajie, CICC Pucheng and Huatai Ruihe, respectively. After such transfer, Huajie, CICC Pucheng and Huatai Ruihe further subscribed for 4.90%, 4.64% and 1.55% equity interests newly issued by MP CardioFlow (representing RMB618,660, RMB586,096 and RMB195,365, respectively, of the enlarged registered capital of MP CardioFlow). After the completion of Step 1-a, on October 19, 2017, the registered capital of MP CardioFlow was increased from RMB11.23 million to RMB12.63 million, which has been fully paid up in cash.

Step 1-b: Chenxue Investment transferred 0.42% equity interests in MP CardioFlow held by it to SDIC Chuanghe. After such transfer, SDIC Chuanghe further subscribed for 1.27% equity interests newly issued by MP CardioFlow (representing RMB162,818 of the enlarged registered capital of MP CardioFlow). After the completion of Step 1-b, on December 1, 2017, the registered capital of MP CardioFlow was increased from RMB12.63 million to RMB12.79 million, which has been fully paid up in cash.

The considerations for the transactions under Step 1 were determined based on the valuation of MP CardioFlow of RMB1,480.91 million and were fully settled in cash by November 17, 2017. Immediately after completion of Step 1, MP CardioFlow was held by Shanghai MicroPort Medical, Chenxue Investment, Jianyi Xinghe, Huajie, CICC Pucheng, Huatai Ruihe and SDIC Chuanghe as to approximately 67.83%, 7.98%, 7.98%, 6.42%, 6.08%, 2.03% and 1.69%, respectively.

Step 2:

Jianyi Xinghe transferred 3.16%, 2.99%, 1.00% and 0.83% equity interests in MP CardioFlow held by it to Huajie, CICC Kangrui, Huatai Ruihe and SDIC Chuanghe, respectively. The considerations for the transactions under Step 2 were determined based on the valuation of MP CardioFlow of RMB1,800.00 million and were fully settled in cash by February 8, 2018. Immediately after completion of Step 2, MP CardioFlow was held by Shanghai MicroPort Medical, Chenxue Investment, Huajie, CICC Kangrui, Huatai Ruihe and SDIC Chuanghe as to approximately 67.83%, 7.98%, 9.57%, 9.07%, 3.02% and 2.52%, respectively.

Step 3:

Huajie, CICC Kangrui, Huatai Ruihe and SDIC Chuanghe further subscribed for RMB243,980, RMB231,138, RMB77,050 and RMB64,209, respectively, of the increased registered capital of MP CardioFlow. After the completion of Step 3, on December 20, 2018, the registered capital of MP CardioFlow was increased from RMB12.79 million to RMB13.41 million, which has been fully paid up in cash. The considerations for the transactions under Step 3 were determined based on the valuation of MP CardioFlow of RMB2,096.35 million and were fully settled in cash by December 7, 2018. Immediately after completion of Step 3, MP CardioFlow was held by Shanghai MicroPort Medical, Chenxue Investment, Huajie, CICC Kangrui, Huatai Ruihe and SDIC Chuanghe as to approximately 64.72%, 7.61%, 10.95%, 10.38%, 3.46% and 2.88%, respectively.

The total consideration paid by the 2017 Pre-IPO Investors for the transactions under the 2017 Pre-IPO Investment is RMB480,000,000, the details of which are set out below:

Investor	**Consideration paid to Chenxue Investment for transfer of equity interests under Step 1-a**	**Consideration paid to MP CardioFlow for subscription of newly issued equity interests under Step 1-b**	**Consideration paid to Jianyi Xinghe under Step 2**	**Consideration paid to MP CardioFlow under Step 3**	**Total consideration paid under the 2017 Pre-IPO Investment**
			(RMB)		
Huajie	23,390,152	71,609,848	56,860,036	38,139,964	**190,000,000**
CICC Kangrui	22,159,091	67,840,909	53,867,403	36,132,597	**180,000,000**
Huatai Ruihe	7,386,364	22,613,636	17,955,801	12,044,199	**60,000,000**
SDIC Chuanghe	6,155,303	18,844,697	14,963,167	10,036,833	**50,000,000**
Total	**59,090,910**	**180,909,090**	**143,646,407**	**96,353,593**	**480,000,000**

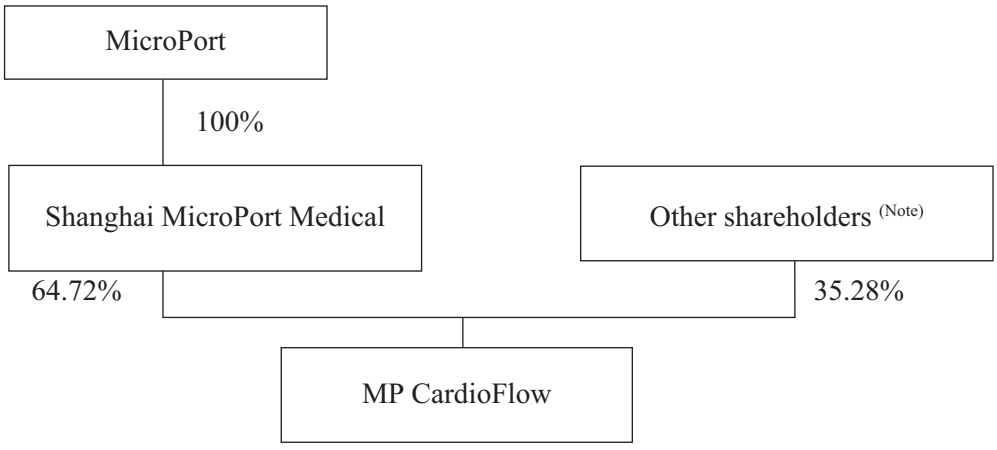
The considerations of the 2017 Pre-IPO Investment were determined through arm's length negotiations between the parties with reference to the valuation of MP CardioFlow before the 2017 Pre-IPO Investment, which was calculated with reference to the valuation of comparable companies at the same developing stage in the market engaged in similar businesses with that of MP CardioFlow.

Under each step of the 2017 Pre-IPO Investment, the average consideration per percentage of the enlarged share capital of MP CardioFlow paid by the 2017 Pre-IPO Investors was approximately RMB14,809,091, RMB18,000,000 and RMB20,963,536, respectively, and such differences reflected

(i) the differences in share capital of MP CardioFlow in different investment stages, as a result of the capital increase; and (ii) the differences in the valuation of MP CardioFlow at different investment stages due to the time difference of the investment stages.

3. Restructuring

In order to introduce additional external investors, further optimize our shareholding structure and bring in more market resources, our Group underwent a restructuring in shareholding (the "**Restructuring**") in 2019. The following chart sets forth a simplified shareholding structure of our Group immediately before the Restructuring:



Note: Other shareholders include Chenxue Investment and the 2017 Pre-IPO Investors.

Step 1: Incorporation of Our Company and Our Offshore Subsidiaries

Immediately after the incorporation of our Company, one Share was allotted and issued to the initial subscriber, Tricor Services (Cayman Islands) Limited, and was then immediately transferred to Shanghai MicroPort at par value. CardioFlow BVI was incorporated as a direct wholly-owned subsidiary of our Company and CardioFlow HK was incorporated as a direct wholly-owned subsidiary of CardioFlow BVI.

Each of our Company, CardioFlow BVI, and CardioFlow HK has been an investment holding company without substantive business operations since incorporation.

Step 2: Transfer of equity interests in MP CardioFlow from Shanghai MicroPort Medical and Chenxue Investment to CardioFlow HK

On March 22, 2019, our Company, Shanghai MicroPort, CardioFlow BVI, CardioFlow HK, MP CardioFlow, the then shareholders of MP CardioFlow (Shanghai MicroPort Medical, Chenxue Investment, Huajie, CICC Kangrui, Huatai Ruihe and SDIC Chuanghe), Qianyi Investment and Shanghai Huahao, a limited partnership managed by the same general partner as Huajie, entered into a framework agreement in relation to the Restructuring (the "**Restructuring Agreement**"), pursuant to which CardioFlow HK acquired approximately 64.72% and 7.61% equity interests in MP CardioFlow from Shanghai MicroPort Medical and Chenxue Investment, at a consideration of approximately US$26.2 million and approximately RMB21.6 million, respectively. The considerations were determined through arm's length negotiation with reference to a valuation report issued by an Independent Third Party. The considerations were fully settled in cash on September 25, 2019.

Step 3: Issue of shares of our Company

On March 22, 2019, our Company, CardioFlow BVI, CardioFlow HK, MP CardioFlow, Shanghai MicroPort, Chenxue Investment, the 2017 Pre-IPO Investors and Qianyi Investment entered into a share purchase agreement, as amended on June 18, 2019 and October 29, 2019 (the **"2019 Share Purchase Agreement"**), pursuant to which:

- on July 9, 2019, our Company allotted and issued (i) 56,625,715 ordinary shares with par value of US$0.0001 each to Shanghai MicroPort at a consideration of US$27 million, which was fully settled in cash on August 2, 2019, and (ii) an aggregate of 6,661,901 ordinary shares with par value of US$0.0001 each to three entities designated by Chenxue Investment (the "**Chenxue Shareholding Platforms**"), the beneficial owners of which are the partners or indirect shareholders of the partners of Chenxue Investment, at par value. Chenxue Investment returned to MP CardioFlow the consideration it received (after deducting relevant taxes) for the transfer of its equity interests in MP CardioFlow to CardioFlow HK on October 29, 2019;

- on August 5, 2019, our Company allotted and issued 12,500,000 Series C Preferred Shares to Qianyi Investment, and Qianyi Investment surrendered, for no consideration, 1,250,000 Series C Preferred Shares on November 29, 2019. See "—4. 2019 Pre-IPO Investment" below for details of the investment in our Company by Qianyi Investment; and

- on August 5, 2019, our Company allotted and issued a total of 24,212,383 Series B Preferred Shares to 2017 Pre-IPO Investors in the amounts as set forth below:

	Number of Series B Preferred Shares Issued
Shanghai Huahao	9,584,052
CICC Kangrui	9,079,611
Huatai Ruihe	3,026,535
SDIC Chuanghe	2,522,185

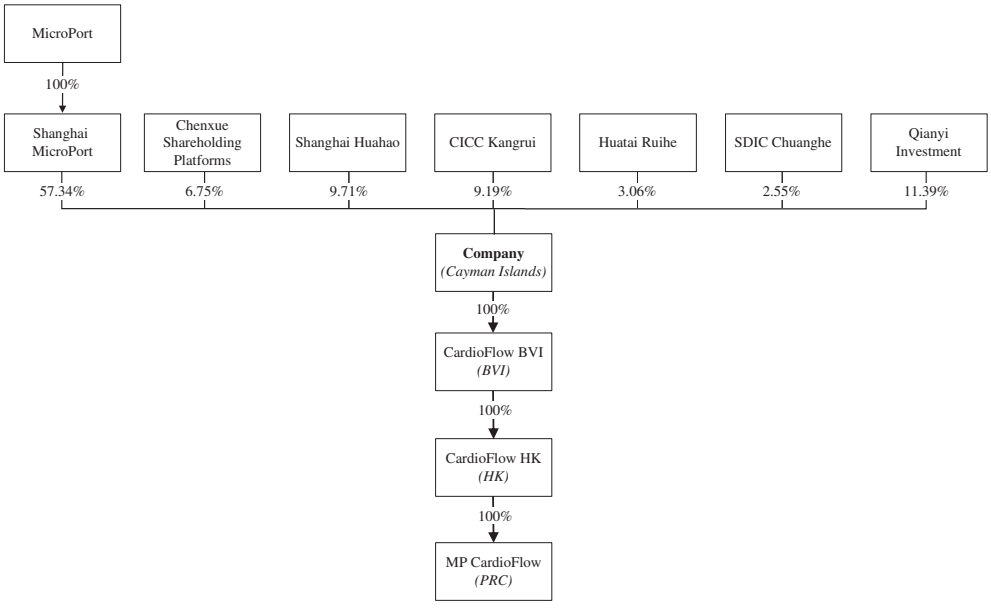
For each 2017 Pre-IPO Investor, its consideration payable for the issuance of Series B Preferred Shares is equivalent to the consideration paid by it (or its affiliates) for its respective investment in our Group, which has been exchanged from RMB into USD at the reference rate permitted under the certificate of approval for overseas direct investment obtained and held by the 2017 Pre-IPO Investors. The considerations were fully settled in cash on November 19, 2019.

Step 4: Acquisition of equity interests in MP CardioFlow from 2017 Pre-IPO Investors

On August 5, 2019 and October 29, 2019, CardioFlow HK entered into share purchase agreements and supplemental agreements with each of Huajie, CICC Kangrui, Huatai Ruihe and SDIC Chuanghe, respectively, pursuant to which CardioFlow HK acquired from the 2017 Pre-IPO Investors an aggregate of approximately 27.67% equity interests in MP CardioFlow for a consideration equal to the consideration for the issue of Series B Preferred Shares to it or, with respect to Huajie, to Shanghai Huahao. Details of the equity interests transfer are set out below:

	% of Equity Interests in MP CardioFlow Acquired
Huajie	10.95%
CICC Kangrui	10.38%
Huatai Ruihe	3.46%
SDIC Chuanghe	2.88%

Upon completion of the Restructuring, our Company became the holding company of our Group. The following chart sets forth a simplified shareholding structure of our Group immediately after the Restructuring:



4. 2019 Pre-IPO Investment

On March 22, 2019 and October 29, 2019, our Company, the subsidiaries of our Company and the then existing Shareholders of our Company (Shanghai MicroPort and the 2017 Pre-IPO Investors) entered into a share purchase agreement and a supplemental agreement thereto, respectively, with Qianyi Investment, pursuant to which Qianyi Investment agreed to subscribe for an aggregate of 11,250,000 Series C Preferred Shares at a subscription price of approximately US$4.00 per Series C Preferred Share, which was determined through arm's length negotiations between the parties with reference to the valuation of MP CardioFlow before the Restructuring of US$350 million. The valuation of MP CardioFlow was calculated with consideration of the then developing stage of MP CardioFlow and with reference to (i) the valuation of comparable companies at a similar developing stage in the market engaged in similar TAVI businesses with that of MP CardioFlow; (ii) the growth

potential in global and the PRC TAVI markets and the competition landscape of the PRC TAVI market; and (iii) the valuation of MP CardioFlow proposed by other potential investors for their proposed investments in MP CardioFlow. The consideration of the 2019 Pre-IPO Investment was fully settled in cash on October 29, 2019.

In view of reflecting the actual beneficial ownership, pursuant to the Amended and Restated Limited Partnership Agreement dated September 2, 2019 between Qianyi Investment I L.P. and Haitong International Innovation Fund SPC (for and on behalf of Innovation Fund VII SP) ("**Haitong Fund**"), Qianyi Investment I L.P. distributed 3,750,000 Series C Preferred Shares to Haitong Fund, which was completed on March 9, 2020. Haitong Fund was a former limited partner of Qianyi Investment who held approximately 33.33% of its partnership interest at the time of the 2019 Pre-IPO Investment.

5. 2020 Pre-IPO Investment

On April 15, 2020, our Company, the subsidiaries of our Company and the then existing Shareholders of our Company (Shanghai MicroPort, the 2017 Pre-IPO Investors and the 2019 Investors) entered into a share purchase agreement with the 2020 Pre-IPO Investors, namely CMP, AUT, LBC, CRF, Gamnat, Gortune, Happy Soul and CDG, pursuant to which the 2020 Pre-IPO Investors agreed to (i) purchase 2,693,182 Series D Preferred Shares, which were reclassified from 2,693,182 ordinary shares with a par value of US$0.0001 each, held by Shanghai MicroPort, and (ii) subscribe for an aggregate of 8,977,273 Series D Preferred Shares. The purchase and subscription price was approximately US$11.14 per Series D Preferred Share which was determined based on arm's-length negotiations with the Investors with reference to a valuation of our Company of US$1.1 billion immediately before completion of the transaction. The valuation of MP CardioFlow was calculated with consideration of the then developing stage of MP CardioFlow and with reference to (i) the valuation of comparable companies at a similar developing stage in the market engaged in similar TAVI businesses with that of our Company; (ii) the growth potential in global and the PRC TAVI markets and the competition landscape of the PRC TAVI market; and (iii) the valuation of our Company proposed by other potential investors for their proposed investments. The considerations of the 2020 Pre-IPO Investment were fully settled in cash on April 29, 2020.

Pursuant to the Shareholders Agreement, since the exercise price of the options granted pursuant to the Share Option Scheme is US$0.16 (as adjusted after the Share Subdivision) on January 15, 2021, our Company issued 300,078 additional Series D Preferred Shares (before the Share Subdivision) to the 2020 Pre-IPO Investors. Such additional Series D Preferred Shares shall be credited as fully-paid at par value by capitalizing the share premium in the share capital of our Company, and the 2020 Pre-IPO Investors shall not be required to pay any or additional consideration for such additional Series D Preferred Shares (the "**Series D Adjustment**").

6. 2020 Share Transfer

On April 20, 2020, one of our 2017 Pre-IPO Investors, SDIC Chuanghe, entered into a share transfer agreement, pursuant to which SDIC Chuanghe agreed to transfer 1,436,364 Series B Preferred Shares held by it to Jipintang at a consideration of US$16.0 million, which was determined based on the subscription price per share for the 2020 Pre-IPO Investment. The consideration was fully settled in cash on April 24, 2020.

THE PRE-IPO INVESTMENTS

Details of the Pre-IPO Investments

The details of the Pre-IPO Investments are set out below:

	Number of shares of our Company or percentage of equity interest in MP CardioFlow initially acquired (before the Share Subdivision)	Cost per Share (as adjusted after the Share Subdivision)	Total consideration	Date on which the consideration for the investment was fully settled	Corresponding post-money valuation of our Company	Discount to the mid-point of the Offer Price Range[3]	Shareholding in our Company immediately before the Global Offering[5]
Huajie / Shanghai Huahao	10.95% equity interest in MP CardioFlow (or 9,584,052 Series B Preferred Shares after the Restructuring)[1]	RMB0.99[2]	RMB190.00 million	October 12, 2018		90.33%	8.87%
CICC Pucheng / CICC Kangrui	10.38% equity interest in MP CardioFlow (or 9,079,611 Series B Preferred Shares after the Restructuring)[1]	RMB0.99[2]	RMB180.00 million	October 11, 2018	Approximately RMB1,735.2 million (*2017 Pre-IPO Investment*)	90.33%	8.40%
Huatai Ruihe	3.46% equity interest in MP CardioFlow (or 3,026,535 Series B Preferred Shares after the Restructuring)[1]	RMB0.99[2]	RMB60.00 million	October 12, 2018		90.33%	2.80%
SDIC Chuanghe	2.88% equity interest in MP CardioFlow (or 2,522,185 Series B Preferred Shares after the Restructuring)[1][6]	RMB0.99[2]	RMB50.00 million	December 7, 2018		90.33%	1.01%
Qianyi Investment	11,250,000 Series C Preferred Shares[4]	US$0.2	US$45.00 million	October 29, 2019	Approximately US$395.0 million (*2019 Pre-IPO Investment*)	86.86%	6.94%
CMP	4,604,052 Series D Preferred Shares[5]	US$0.545[5]	US$50.00 million	April 27, 2020	Approximately US$1.2 billion (*2020 Pre-IPO Investment*)	64.18%	4.26%
AUT	2,302,026 Series D Preferred Shares[5]	US$0.545[5]	US$25.00 million	April 28, 2020		64.18%	2.13%
LBC	1,381,215 Series D Preferred Shares[5]	US$0.545[5]	US$15.00 million	April 29, 2020		64.18%	1.28%
CRF	1,339,778 Series D Preferred Shares[5]	US$0.545[5]	US$14.55 million	April 29, 2020		64.18%	1.24%
Gamnat	920,810 Series D Preferred Shares[5]	US$0.545[5]	US$10.00 million	April 29, 2020		64.18%	0.85%

	Number of shares of our Company or percentage of equity interest in MP CardioFlow initially acquired (before the Share Subdivision)	Cost per Share (as adjusted after the Share Subdivision)	Total consideration	Date on which the consideration for the investment was fully settled	Corresponding post-money valuation of our Company	Discount to the mid-point of the Offer Price Range[3]	Shareholding in our Company immediately before the Global Offering[5]
Gortune	920,810 Series D Preferred Shares[5]	US$0.545[5]	US$10.00 million	April 28, 2020		64.18%	0.85%
Happy Soul	460,405 Series D Preferred Shares[5]	US$0.545[5]	US$5.00 million	April 27, 2020		64.18%	0.43%
CDG	41,437 Series D Preferred Shares[5]	US$0.545[5]	US$0.45 million	April 29, 2020		64.18%	0.04%

Notes:

(1) During the Restructuring, the 2017 Pre-IPO Investors ceased to be shareholders of MP CardioFlow and became Shareholders of our Company. The premium of our Company's market capitalization immediately after the Global Offering as compared with its post-money valuation of US$1.2 billion under 2020 Pre-IPO Investment in April 2020 was mainly due to the recent business development of the Company, including without limitation, (i) the commercialization performance of the launched product, VitaFlow™, (ii) regulatory registration progress of VitaFlow™ in Thailand and Argentina, and VitaFlow™ II in China, and (iii) the research and development progress of the Company's other product candidates.

(2) As no consideration was paid by the Pre-IPO Investors for the conversion of their respective equity interests in MP CardioFlow to Series B Preferred Shares during the Restructuring, the cost paid by the 2017 Pre-IPO Investors is approximately RMB480.0 million, representing the total consideration paid by each of the 2017 Pre-IPO Investors divided by the number of Series B Preferred Shares allotted and issued to such 2017 Pre-IPO Investor.

(3) Assuming the Offer Price is fixed at HK$11.65, being the mid-point of the indicative Offer Price range.

(4) In view of reflecting the actual beneficial ownership, Qianyi Investment I L.P. distributed 3,750,000 Series C Preferred Shares to Haitong Fund, which was completed on March 9, 2020. For details, see "—Major Shareholding Changes of Our Group—4. 2019 Pre-IPO Investment" above. Immediately before the Global Offering, Haitong Fund will hold approximately 3.47% of the issued share capital of our Company.

(5) After taking into consideration of the additional Series D Preferred Shares to be issued and allotted pursuant to the Series D Adjustment. For details, see "—Major Shareholding Changes of Our Group—5. 2020 Pre-IPO Investment" above.

(6) In April 2020, SDIC Chuanghe transferred 1,436,364 Series B Preferred Shares to Jipintang at a consideration of US$16.0 million. For details, see "—Major Shareholding Changes of Our Group—6. 2020 Share Transfer." Immediately before the Global Offering, Jipintang will hold approximately 1.33% of the issued share capital of our Company.

Further Information about the Pre-IPO Investments

Strategic benefits of the Pre-IPO Investors brought to our Company	At the time of the Pre-IPO Investments, our Directors were of the view that (i) our Company would benefit from the additional capital provided by the Pre-IPO Investors and their knowledge and experience in promoting our R&D progress and the commercialization of our TAVI products, and (ii) the Pre-IPO Investments demonstrated the Pre-IPO Investors' confidence in the operation and development of our Group.
Use of proceeds and whether they have been fully utilized	We utilized the proceeds to finance our R&D activities (primarily the R&D of VitaFlow™ and VitaFlow™ II) and our investment in ValCare and 4C Medical and to fund our daily operations. As of the Latest Practicable Date, we had utilized the net proceeds from the 2017 Pre-IPO Investment and the 2019 Pre-IPO Investment and utilized approximately 22.5% of the net proceeds from the 2020 Pre-IPO Investment.
Lock-up period	Each existing Shareholder agrees and undertakes to our Company that, subject to the terms and conditions set out in the Shareholders Agreement, without the prior written consent of our Company, it will not, whether directly or indirectly, at any time during the period of six (6) months commencing from the Listing Date, directly or indirectly dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any Shares of our Company.
Investment undertaking	According to the Shareholders Agreement, CMP and LBC agreed to directly, or cause their respective designated affiliates to, participate in the Global Offering as a cornerstone investor by placing an unconditional and irrevocable order with our Company in an amount up to US$30,000,000 and US$20,000,000, respectively, to purchase the Offer Shares, subject to CMP's or LBC's (as the case may be) obtaining necessary internal approvals and relevant waivers from the Stock Exchange. Notwithstanding the foregoing, our Company may, at our sole discretion, decide whether to accept all or part of the amount so committed.

Background Information about the Pre-IPO Investors

Our Pre-IPO Investors include certain Sophisticated Investors, such as dedicated healthcare funds and biotech funds as well as established funds with a focus on investments in the healthcare sector. Each of our Pre-IPO Investors is an Independent Third Party. The background information of our Pre-IPO Investors is set out below:

Name of Pre-IPO Investors	Background
2017 Pre-IPO Investment	
Huajie and Shanghai Huahao	Shanghai Huahao is a limited partnership established in the PRC. Each of Shanghai Huahao and its sole limited partner Huajie, a limited partnership established in the PRC, is managed by Tianjin Huajie Enterprise Management Advisors Partners, L.P. (天津華杰企業管理諮詢合夥企業(有限合夥)) ("**Tianjin Huajie**"), the general partner of Shanghai Huahao and Huajie. Tianjin Huajie is managed by its general partner, Tianjin Huaqing Enterprise Management Advisors Co., Ltd. (天津華清企業管理諮詢有限公司), an indirect non-wholly owned subsidiary of China Renaissance Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1911). Shanghai Huahao is a Sophisticated Investor, which is a dedicated medical care or biotechnology investment entity with assets under management of over RMB1 billion as of December 31, 2019. It primarily invests in medical devices, medical services and pharmaceutical industries with its own funds and focuses on integrating medical device high-value consumables and life science industries with structured investment opportunities.
CICC Pucheng and CICC Kangrui	CICC Pucheng is a limited company incorporated in China. Its primary business activity is using self-owned capital to invest. The ultimate beneficial owner of CICC Pucheng is China International Capital Corporation Limited (中國國際金融股份有限公司), the H shares of which are listed on the main board of the Stock Exchange (Stock Code: 3908) and the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 601995). CICC Kangrui is a limited partnership established in the PRC and a Sophisticated Investor, which is a dedicated healthcare fund with net assets of over RMB2 billion as of December 31, 2019. It primarily invests in standardized medical institutions and its upstream and downstream industries including medical device (such as in-vitro diagnosis, interventional devices, etc.), medicine (such as vaccine), healthcare information systems and big data. The general partner of CICC Kangrui is CICC Kangzhi (Ningbo) Equity Investment Management Co., Ltd. (中金康智(寧波)股權投資管理有限公司) ("**CICC Kangzhi**"). CICC Kangzhi is controlled by CICC Capital Management Co., Ltd. (中金資本運營有限公司), which is a wholly owned subsidiary of China International Capital Corporation Limited (中國國際金融股份有限公司).

Huatai Ruihe	Huatai Ruihe is a limited partnership established in the PRC and a Sophisticated Investor and is a dedicated healthcare fund with net assets of over RMB 1.5 billion as of December 31, 2019. It primarily invests in medical devices, medical services, biotechnology and other medical fields. The general partners of Huatai Ruihe are Beijing Huatai Ruihe Investment Fund Management Partnership (Limited Partnership) (北京華泰瑞合投資基金管理合夥企業(有限合夥)) and Huatai Zijin Investment Co., Ltd. (華泰紫金投資有限責任公司). The ultimate beneficial owner of Huatai Ruihe is Huatai Securities Company Limited (華泰證券股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 601688) and the Stock Exchange (Stock Code: 6886).
SDIC Chuanghe	SDIC Chuanghe is a Sophisticated Investor which is a private equity fund primarily engaged in investment management and investment consultancy services with assets under management of over RMB17 billion as of December 31, 2019. It primarily invests in seven emerging national strategic industries, including the biological, next-generation information technology, and high-end equipment manufacturing industries. The general partner of SDIC Chuanghe is SDIC Chuanghe Fund Management Co., Ltd. (國投創合基金管理有限公司).

2019 Pre-IPO Investment

Qianyi Investment	Qianyi Investment is a limited partnership organized under the laws of the Cayman Islands. Its primary business activity is investing in the medical industry and its general partner is Qianyi Investment Limited. The ultimate beneficial owner of Qianyi Investment is Mr. Wang Zheng (王正).
Haitong Fund	Haitong Fund is a private equity fund incorporated in the Cayman Islands, which used to be a limited partner of Qianyi Investment I L.P. Haitong Fund is managed by Haitong International Asset Management (Singapore) Pte Ltd.

2020 Pre-IPO Investment

CMP	CMP Cardio Investment Limited is a business company incorporated under the laws of the BVI and its primary business activity is investment holding. It is held by its majority shareholder, CPE China Fund III, L.P., and minority shareholder, CPE Global Opportunities Fund, L.P. CMP Cardio Investment Limited is a Sophisticated Investor.
AUT	AUT-XVI Holdings Limited is an exempted company incorporated under the laws of the Cayman Islands. Hillhouse Capital Management, Ltd. ("**Hillhouse Capital**") acts as the sole management company of the parent company of AUT. Founded in 2005, Hillhouse Capital is a global firm of investment professionals and operating executives who focuses on building and investing in high quality business franchises that achieve sustainable growth. Independent proprietary research and industry expertise, in conjunction with world-class operating and management capabilities, are key to Hillhouse Capital's investment approach. Hillhouse Capital partners with exceptional entrepreneurs and management teams to create value with a focus on enacting innovation and technological transformation. Hillhouse Capital invests in the healthcare, consumer, TMT, advanced manufacturing, financials and business services sectors in companies across all equity stages. Hillhouse Capital and its group members manage assets

	on behalf of global institutional clients. Hillhouse Capital is a Sophisticated Investor.
LBC	LBC Sunshine Healthcare Fund L.P. is managed by Lake Bleu Capital (Hong Kong) Limited. LBC, an exempted limited partnership registered in the Cayman Islands. LBC is a Sophisticated Investor and specializes in investing in late-stage healthcare companies in Asia/Greater China. The investment scope includes pharmaceuticals, biotech, medical devices, and healthcare services. LBC GP Limited, an exempted company incorporated in the Cayman Islands, acts as the general partner of LBC Sunshine.
CRF	CRF Investment Holdings Company Limited is an exempted company incorporated in the Cayman Islands and is wholly-owned by China Reform Conson Soochow Overseas Fund I L.P., which is a Sophisticated Investor and a China-related overseas investment firm specializing in industrial, TMT and healthcare sectors.
Gamnat	Gamnat Pte. Ltd. is a limited liability company incorporated under the laws of Singapore. Its primary business activity is investment holding. Gamnat is wholly-owned by Eurovest Private Limited and managed by GIC Asset Management Private Limited, which in turn is wholly-owned by GIC Pte Ltd., a Sophisticated Investor.
Gortune	Gortune Artemis Limited, a limited company incorporated in the BVI, is wholly owned by Gortune Limited, which is wholly owned by Gortune Investment Co. Limited (廣東民營投資股份有限公司) ("**Gortune Investment**"), a Sophisticated Investor. Headquartered in Guangzhou, Gortune Investment was jointly founded by 15 successful non-state owned enterprises, of which some are Fortune Global 500 companies, e.g. Midea Group, Country Garden, Huamei Group, Guangdong Haitian Group, Guangzhou Liby Group, etc. Gortune Investment has a paid up capital of RMB16 billion and is aiming to become the leading investment firm in China.
Happy Soul	Happy Soul Limited is a limited liability company incorporated under the laws of the BVI and is wholly owned by 3H Health Investment Fund I, L.P., and 3H Health Investment Fund I, L.P. is managed by 3H Health Investment GP I Ltd., a Sophisticated Investor. The primary business activity of Happy Soul Limited is investment holding.
CDG	CDG Group Fund L.P. is a limited partnership organized under the laws of the Cayman Islands. Golden Bridge Capital Holdings Limited is the general partner of CDG. Golden Bridge Capital Holdings Limited is a limited liability company incorporated under the laws of the Cayman Islands and specializes in industrials, TMT and healthcare sectors related investment.

2020 Share Transfer

Jipintang	Jipintang Holding Co., Limited is a limited liability company duly incorporated and validly existing under the laws of the BVI. The ultimate beneficial owner of Jipintang is Wang Hong Phina (王紅).

Special Rights of the Pre-IPO Investors

Pursuant to the Shareholders Agreement, the Pre-IPO Investors were granted certain special rights, including but not limited to information rights, divestment rights, pre-emptive rights, director nomination rights, veto rights for certain corporate actions and anti-dilution rights. All the special rights have been terminated or are expected to be exercised (with respect to share conversion right) or terminated upon the Listing in accordance with the Guidance on Pre-IPO investments (HKEX-GL43-12).

Public Float

Shares held by the existing Shareholders other than Shanghai MicroPort will all be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules. Over 25% of our Company's total issued Shares with a market capitalization of substantially over HK$375 million will be held by the public upon completion of the Global Offering in accordance with Rules 8.08(1)(a) and 18A.07, respectively, of the Listing Rules.

Compliance with Interim Guidance and Guidance Letters

The Joint Sponsors are of the view that the Pre-IPO Investments are in compliance with the Interim Guidance on Pre-IPO Investments (HKEX-GL29-12) and the Guidance on Pre-IPO Investments (HKEX-GL43-12).

STRATEGIC INVESTMENTS

ValCare and 4C Medical

We have made strategic investments in ValCare and 4C Medical.

ValCare is a pre-revenue clinical-stage medical device company incorporated under the laws of the State of Delaware. It is mainly engaged in the research and development of mitral valve and tricuspid valve medical devices. According to the management accounts provided by ValCare, as of September 30, 2020, the total assets of ValCare were approximately US$3,621,000.

4C Medical is a company incorporated under the laws of the State of Delaware. It is mainly engaged in the research and development of the mitral and tricuspid valve devices in the United States.

To closely follow the emerging technologies for the treatment of valvular heart disease, in addition to our in-house research and development efforts, we also evaluate the opportunities to invest in and collaborate with other medical device companies for in-licensing their products in China, during which we noticed such investment opportunities. After considering the technology, the product candidates, as well as the valuation of ValCare and 4C Medical, we were optimistic about their long-term performance and the future business development which we believe can achieve synergy with us. Therefore, we decided to invest in ValCare and 4C Medical. We consider that the product candidates of ValCare and 4C Medical can enable us to further enrich our product offerings in the significantly untapped TMV and TTV markets in China.

Save as disclosed in this prospectus, there is/was no current previous business relationship between our Company and/or MicroPort, on the one hand, and ValCare and 4C Medical, on the other hand.

In 2018, the R&D projects of ValCare and 4C Medical were at a preliminary stage. We considered that it would be beneficial to our Company to co-invest in ValCare and 4C Medical with passive financial investors. The reason was two-fold. Our Company could maintain a meaningful stake in them to command leverage in our commercial negotiation with them regarding the exclusive distribution rights in relation to their product candidates, namely Amend, Corona, Trivid and AltaValve, in China. For details on the distribution rights, please see the subsection headed "Business—Collaboration with Third Parties." At the same time, we could preserve our financial resources for our in-house R&D projects, especially for VitaFlow™ and VitaFlow™ II. Our Company therefore approached certain institutional and individual investors who were experienced in equity investments in the medical device industry.

Mr. Shi Bo was one of such investors that our Company had approached. Mr. Shi Bo has extensive experience in investments in the medical devices industry. He expressed his interest in the investment opportunity and established Witney Global Limited ("**Witney Global**") together with the other 12 investors with whom he was acquainted and who were also interested in investments in the sector. As of the Latest Practicable Date, to the best knowledge of our Company, Mr. Shi Bo was the ultimate beneficial owner of the largest shareholder of Witney Global, was an Independent Third Party and did not hold any position or interest in our Group. Save for the co-investments in ValCare and 4C Medical, there was no other historical or current relationship between Witney Global and our Group.

As of the Latest Practicable Date, Witney Global was primarily engaged in equity investment and investment holding businesses with an initial capital contribution of US$11.9 million from its shareholders.

To the best knowledge of our Company, the shareholders of Witney Global are institutional and individual investors that are interested in investments in the medical device industry. Each of them is an Independent Third Party.

Investment in ValCare

On September 5, 2018, MP CardioFlow entered into a stock purchase agreement (the "**2018 ValCare Agreement**") with ValCare and other investors. Under the 2018 ValCare Agreement, MP CardioFlow agreed to, through an entity designated by it, subscribe 34,176,350 preferred D shares of ValCare.

On February 26, 2019, an entity designated by MP CardioFlow, Rose Emblem Ltd. ("**Rose Emblem**"), subscribed 34,176,350 preferred D shares of ValCare at a consideration of US$10,000,000 pursuant to the 2018 ValCare Agreement. Rose Emblem is owned as to 51% by MP CardioFlow and as to 49% by Witney Global. The consideration was fully settled in cash in July 2019. An additional 1,121,920 preferred D shares of ValCare were subsequently issued to Rose Emblem as adjustment shares pursuant to the 2018 ValCare Agreement. As of the Latest Practicable Date, Rose Emblem was the third largest shareholder of ValCare holding approximately 13.1% of its total outstanding shares. The other shareholders of ValCare mainly consisted of its management team and

other financial and strategic investors. Each of the shareholders of ValCare (including its single largest shareholder) is an Independent Third Party.

As the board resolutions of Rose Emblem require the approval of both our Company and Witney Global, our investment in Rose Emblem is classified as a joint venture, and is accounted for under the equity method in our consolidated financial statements. For details of the accounting treatment of our equity interests in Rose Emblem, see Note 13 to the Accountants' Report in Appendix I to this prospectus.

Our Company proposes to make the Investment (that is, a further investment of US$819,377 in ValCare by the Company) subsequent to the Latest Practicable Date. The amount for the Investment was determined after commercial arm's length negotiations, taking into account factors including market dynamics and the capital required for the research and development plan of ValCare. The Investment is part of the capital contribution plan among the existing shareholders of ValCare, namely SAFE (Simple Agreement for Future Equity). The main purpose of the plan is to finance the on-going research and development projects of ValCare. Under the SAFE arrangement, we will not be entitled to any additional equity interest in ValCare upon completion of the Investment. The amount for the Investment will be treated as the prepayment of the investment amount in the next round of financing by ValCare. The timing and scale of the next round of financing has not been determined. Given that our Company had not entered into any legally binding agreement for the Investment as of the Latest Practicable Date, the terms of the Investment are subject to change. Currently, save as disclosed in this section, our Company does not have a definite plan for further investments in ValCare. We will take into consideration, among others, the valuation of ValCare and the phased results of its research and development results in determining whether to participate in any future follow-on investment opportunities in ValCare and the investment amount. Our Company's investment in ValCare was mainly driven by the business synergy and the clinical collaborations in relation to its products, namely Amend, Corona and Trivid. We do not expect to dispose of our equity interests in ValCare for financial returns in the short term.

Investment in 4C Medical

In September 2018, MP CardioFlow and Witney Global entered into a subscription and shareholders agreement with 4C Medical. Under the agreement, Derryhill Global Limited, a wholly-owned subsidiary of our Company, and Witney Global acquired 2,830,189 shares of series A preferred stock and 3,301,887 shares of series A preferred stock of 4C Medical at a consideration of US$6,000,000 and US$7,000,000, respectively. The consideration was determined between the parties after arm's length negotiation with reference to the valuation of comparable private companies developing mitral valve technologies. The consideration was fully settled in cash in May 2019.

In September 2019, Derryhill Global Limited entered into a stock purchase agreement with 4C Medical. Under the agreement, Derryhill Global Limited acquired an additional 414,937 shares of series B preferred stock of 4C Medical at a consideration of US$1,000,000. The consideration was fully settled in cash in November 2019.

As of the Latest Practicable Date, Witney Global and Derryhill Global Limited were the second and third largest shareholders of 4C Medical holding approximately 12.6% and 12.4% of its total outstanding shares, respectively. The other shareholders of 4C Medical mainly consisted of its management team and a Canada-based investment firm. Each of them is an Independent Third Party.

Put Option Granted to Witney Global

The shareholders of Witney Global were mainly passive financial investors. Their investment decisions regarding ValCare and 4C Medical were made primarily based on our evaluation of the research and development projects undertaken by ValCare and 4C Medical given our technical expertise and industrial experience. It is very common for financial investors to require certain investment protection in their investments. We therefore agreed to grant a put option to Witney Global (the "**Witney Put Option**") as an incentive for its participation in the co-investments in ValCare and 4C Medical with us.

In January 2019, MP CardioFlow recorded the arrangement in a put option right agreement (the "**Put Option Agreement**") with Witney Global.

Under the Witney Put Option, upon the occurrence of certain events set out in the Put Option Agreement, including (i) any of the clinical trial primary endpoint(s) stated in the early feasibility study protocol of 4C Medical and final clinical trial protocol of ValCare and 4C Medical submitted to the relevant authority is not achieved; (ii) if a qualified exit (sales of the equity interests in ValCare or 4C Medical (as applicable) held by Witney Global to a third party at a price no less than three times of the original purchase price of ValCare and 4C Medical) has not occurred before the fifth anniversary of closing of investments in ValCare or 4C Medical (as applicable); and (iii) if MP CardioFlow materially breaches any definitive transaction documents relating to investment in ValCare or 4C Medical (as applicable), Witney Global has the right to require our Group to purchase any or all of the investments in ValCare and 4C Medical at a price equal to the original purchase price plus interests at the 3-month London Interbank Offered Rate in US$ plus 1% (the "**Put Price**"). If our Group fails to purchase the interest in ValCare and 4C Medical held by Witney Global pursuant to the Witney Put Option, Witney Global shall be free to sell, transfer or otherwise dispose of any or all of such unpurchased interest, provided, however, that our Group shall remain obligated to pay to Witney Global the shortfall between the Put Price and the sale proceeds received by Witney Global, and any late payment charge due thereon in accordance with the Put Option Agreement. The Company recognized the Witney Put Option as a derivative financial liability. As at July 31, 2020, the fair value of the Witney Put Option is RMB14.5 million. For details of the accounting treatment of the Witney Put Option, see Note 24 to the Accountants' Report in Appendix I to this prospectus. As of the Latest Practicable Date, we had not received any notice from Witney Global for exercising the Witney Put Option.

Save as disclosed above, during the Track Record Period and until the Latest Practicable Date, we did not conduct any acquisitions, disposals or mergers that we consider to be material to us.

ADOPTION OF THE SHARE OPTION SCHEME

In recognition of the contributions of persons who have contributed or will contribute to the development of our Group and to incentivize them to further promote our development, our Company adopted the Share Option Scheme on March 13, 2020. For details and principal terms of the Share option scheme, see "Appendix IV—Statutory and General Information—D. Share Option Scheme" to this prospectus.

As of the Latest Practicable Date, options to subscribe for an aggregate of 71,908,940 Shares (as adjusted after the Share Subdivision), representing an aggregate of 3.04% of the total issued share capital of our Company immediately following the Global Offering (assuming the Over-allotment

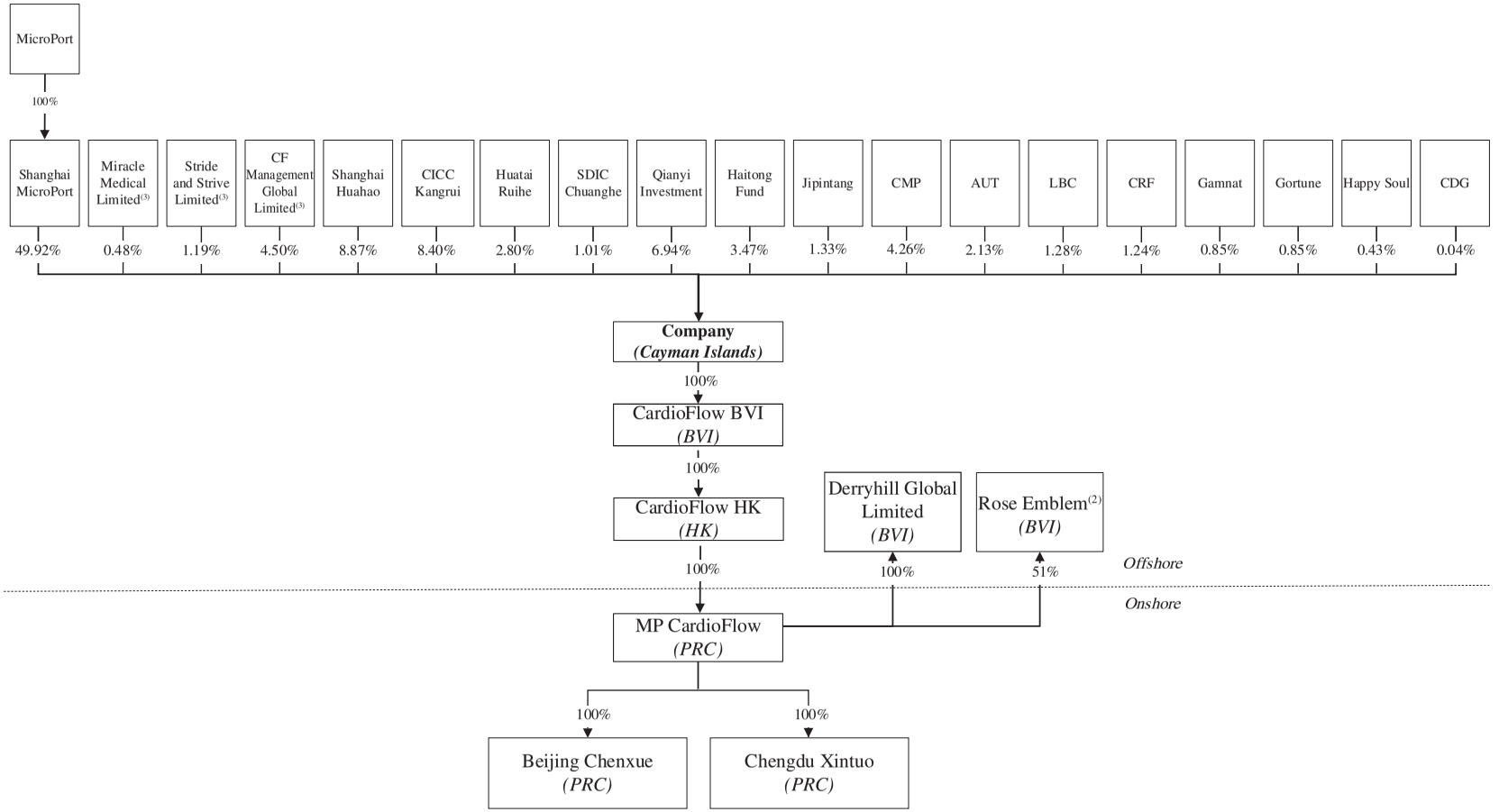
Option is not exercised), had been granted to 168 grantees under the Share Option Scheme. None of the grantees exercised the options under the Share Option Scheme as of the Latest Practicable Date.

SHARE SUBDIVISION AND SHARE CONVERSION

On January 15, 2021, we conducted the Share Subdivision pursuant to which each share in our issued and unissued share capital was subdivided into twenty shares of the corresponding class with par value US$0.000005 each, following which our issued share capital consisted of (i) 1,211,888,700 Shares with par value of US$0.000005 each, (ii) 484,247,660 Series B Preferred Shares with par value of US$0.000005 each, (iii) 225,000,000 Series C Preferred Shares with par value of US$0.000005 each, and (iv) 239,410,660 Series D Preferred Shares with par value of US$0.000005 each. Each Preferred Share will be converted to one Share upon the Global Offering becoming unconditional.

SHAREHOLDING AND CORPORATE STRUCTURE

After the Restructuring, the Pre-IPO Investments, the Series D Adjustment and immediately before the Global Offering(1)



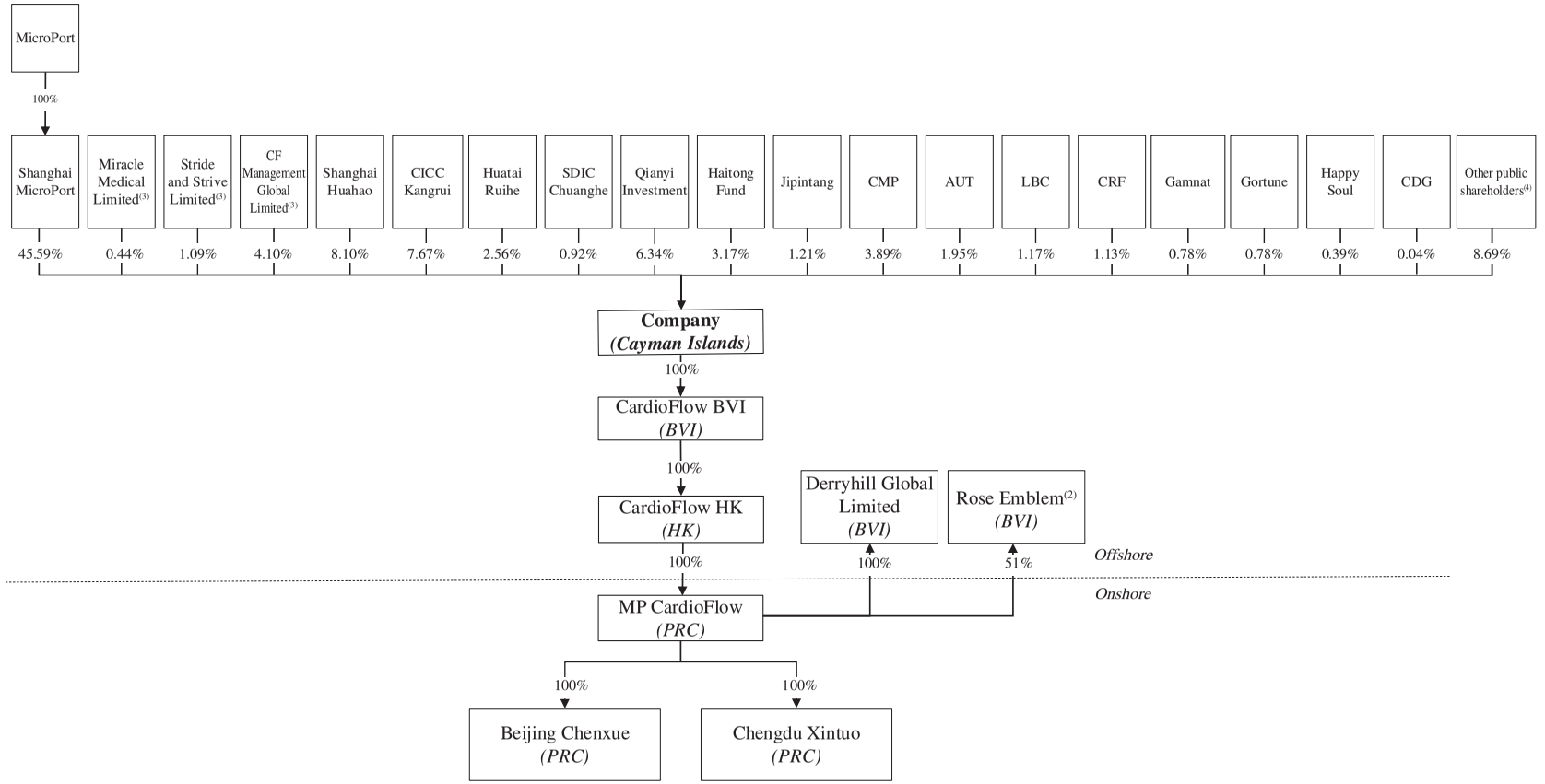
Notes:

(1) Based on the assumption that all Preferred Shares will be converted into Shares on a 1:1 basis on the Listing Date and without taking into account any Shares to be issued upon the exercise of share options under the Share Option Scheme.

(2) Rose Emblem is accounted for as a joint venture of our Company under the equity method. For details of the accounting treatment of our equity interests in Rose Emblem, see Note 13 to the Accountants' Report in Appendix I to this prospectus.

(3) Each of CF Management Global Limited, Miracle Medical Limited and Stride and Strive Limited is a Chenxue Shareholding Platform or a wholly-owned subsidiary of a Chenxue Shareholding Platform.

Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised)(1)



Notes:

(1) Based on the assumption that all Preferred Shares will be converted into Shares on a 1:1 basis on the Listing Date and without taking into account any Shares to be issued upon the exercise of share options under the Share Option Scheme.

(2) Rose Emblem is accounted for as a joint venture of our Company under the equity method. For details of the accounting treatment of our equity interests in Rose Emblem, see Note 13 to the Accountants' Report in Appendix I to this prospectus.

(3) Each of CF Management Global Limited, Miracle Medical Limited and Stride and Strive Limited is a Chenxue Shareholding Platform or a wholly-owned subsidiary of a Chenxue Shareholding Platform.

(4) Taking into account the subscription of Offer Shares by certain existing Shareholders or their close associates, each as pursuant to the cornerstone investment agreement as further described under the section headed "Cornerstone Investors" in this prospectus.

SPIN-OFF OF OUR GROUP FROM MICROPORT

MicroPort considers that the spin-off and separate listing of our Group will be commercially beneficial to MicroPort, our Company and our Shareholders as a whole for the following reasons:

(a) the Spin-off will unlock value of our Company which is at a fast-growing stage and provide MicroPort and its shareholders an opportunity to realize the value of their investments in our Group under a separate standalone platform for our Group's business;

(b) the Spin-off will separate our Group's business from the Retained MicroPort Group's business. Such separation will enable shareholders and investors to appraise the strategies, success factors, functional exposure, risks and returns of our Group and the MicroPort Group separately and to make or refine their investment decisions accordingly. Investors will have the choice to invest in either one or all of the businesses of our Group or the Retained MicroPort Group;

(c) the Spin-off will enable our Group to build our identity as a separately listed group, to have a separate fund-raising platform and to broaden our investor base. Given the nature of our Group's business, our R&D costs are relatively high and it takes time for the products of our Group to complete clinical trials before they are commercialized and start to generate revenue. The Spin-off would allow our Group to gain direct access to capital markets for equity and/or debt financing to fund our existing operations and future expansion without reliance on MicroPort, thereby accelerating our expansion, and improving our operating and financial management efficiencies, which in turn will provide better return to our Shareholders;

(d) the Spin-off will enable our Group to enhance our corporate profile, thereby increasing our ability to attract strategic investors for making investment in and forming strategic partnerships directly with us, which could provide synergy for our Group. The Retained MicroPort Group will also benefit from such investments without further capital commitment;

(e) the Spin-off will increase the operational and financial transparency of and improve the corporate governance of our Company thereby providing the Shareholders and investors with greater clarity on the businesses and financial status of our Group on a standalone basis, as well as helping to build investor confidence in forming investment decisions based on their assessment of the performance, management, strategy, risks and returns of our Group; and

(f) the Spin-off will enable more focused development, strategic planning and better allocation of resources for the Retained MicroPort Group and our Group with respect to their and our respective businesses. Both the Retained MicroPort Group and our Group will benefit from the efficient decision-making process under the separate management structure for seizing emerging business opportunities, especially with a dedicated management team for our Group to focus on our development. In addition, the Spin-off will improve the ability of our Group to recruit, motivate and retain key management personnel.

The Spin-off, if it proceeds, will not constitute a discloseable transaction for MicroPort under the Listing Rules.

The proposal in relation to the Spin-off was submitted by MicroPort to the Stock Exchange for approval pursuant to Practice Note 15 of the Listing Rules (the **"Practice Note 15"**), and the Stock Exchange has confirmed that MicroPort may proceed with the Spin-off. Practice Note 15 requires MicroPort to have due regard to the interests of its existing shareholders by providing them with an Assured Entitlement to the Shares, either by way of a distribution in specie of existing Shares or by way of a preferred application in the offering of existing or new Shares (the **"Assured Entitlement"**). Practice Note 15 provides that the respective minority shareholders of MicroPort may by resolution in general meeting resolve to waive the Assured Entitlement. MicroPort will provide the Assured Entitlement to the Qualifying MicroPort Shareholders by way of the Preferential Offering. See "Structure of the Global Offering" for further details of the Preferential Offering.

PRC REGULATORY REQUIREMENTS

As confirmed by our PRC Legal Advisers, we have obtained and completed all necessary approvals, registrations and/or procedures in all material aspects required by the relevant PRC regulatory authorities in respect of the steps of the Restructuring in relation to our PRC subsidiary, as described above.

According to the Regulations on Merger with and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the "**M&A Rules**") jointly issued by the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the SAT, the China Securities Regulatory Commission (the "**CSRC**"), the SAIC and the SAFE on August 8, 2006, as amended on June 22, 2009, a foreign investor is required to obtain necessary approvals when it (i) acquires the equity of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise, (ii) subscribes for the increased capital of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise, (iii) establishes a foreign-invested enterprise through which it purchases the assets of a domestic enterprise and operates these assets, or (iv) purchases the assets of a domestic enterprise, and then invests such assets to establish a foreign-invested enterprise.

Article 11 of the M&A Rules regulates "affiliated mergers", which refers to the circumstance where a domestic company or enterprise or a domestic natural person, through an overseas company established or controlled by it/him, acquires a domestic company which is related to or connected with it/him, and an approval from MOFCOM is required.

The MOFCOM promulgated the Interim Measures for the Administration of the Recordation of the Establishment and Change of Foreign-invested Enterprises (the "**Recording Measures**") on October 8, 2016 and updated on June 29, 2018. According to the "Recording Measures", where a non-foreign-invested enterprise changes into a foreign-invested enterprise due to acquisition, consolidation by merger or otherwise, which is subject to record-filing as stipulated in the Recording Measures, it shall file and submit the record-filing information on the incorporation of foreign-invested enterprises simultaneously while going through the registration procedures for incorporation with the competent administrations for industry and commerce and market supervision.

Our PRC Legal Advisers are of the opinion that (i) the acquisition of 72.33% equity interests in MP CardioFlow by MicroPort HK, as a result of which MP CardioFlow was converted into a sino-foreign joint venture company, is subject to the M&A Rules and the Recording Measures, and MP

CardioFlow has obtained the record-filing receipt for the incorporation of foreign-invested enterprises(外商投資企業設立備案回執) and the new business license for the conversion of MP CardioFlow into a sino-foreign joint venture company pursuant to the M&A Rules and the Recording Measures, (ii) since MP CardioFlow changed into a Sino-foreign joint venture, MicroPort HK's acquisition of the remaining 27.67% equity interests in MP CardioFlow is not subject to the M&A Rules and subject to the Several Provisions on the Change of Investor Equity of Foreign-invested Enterprises, the Recording Measures and other relevant regulations, and MP CardioFlow has obtained the record-filing receipt for the change of foreign-invested enterprises (外商投資企業變更備案回執) and the new business license in accordance with the Recording Measures and relevant laws and regulations.

Pursuant to the Circular 37 promulgated by SAFE and which became effective on July 4, 2014, (a) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (the "**Overseas SPV**") that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing, and (b) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change, in respect of the Overseas SPV, including, among other things, a change of the Overseas SPV's PRC resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV's capital, share transfer or swap, and merger or division.

Pursuant to the Circular of SAFE on Further Simplification and Improvement in Foreign Exchange Administration on Direct Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知) (the "**SAFE Circular No. 13**"), promulgated by SAFE and which became effective on June 1, 2015, the power to accept SAFE registration was delegated from local SAFE to local banks where the assets or interest in the domestic entity are located.

According to the Foreign Exchange Registration Form for Overseas Investment of Domestic Individual Residents and the Business Registration Certificate filled in by Chen Guoming and other 74 PRC Individual Residents (as defined under the applicable provisions under the Circular 37) and stamped and confirmed by Ping An Bank Co., Ltd. Beijing Huayuan Road Sub-branch on May 5, 2019, as advised by our PRC Legal Advisers, Chen Guoming and other 74 PRC Individual Residents have completed the registration under the Circular 37 as of May 2019.

OVERVIEW

We are a medical device company in China focusing on the research, development and commercialization of innovative transcatheter and surgical solutions for valvular heart diseases. Our mission is to improve the lives of valvular heart disease patients by providing optimal and affordable medical solutions through continuous innovation.

Our self-developed first-generation TAVI product, VitaFlow™, was approved by the NMPA in July 2019 and subsequently commercialized in China in August 2019. As of the Latest Practicable Date, there were five approved or commercialized TAVI products in China, among which, VitaFlow™ is the first one utilizing bovine pericardium as valve tissue, according to Frost & Sullivan. Generally, bovine materials provide better durability and hemodynamic performance as compared to porcine materials. VitaFlow™ also innovatively features a first-in-China double-layer PET skirt and the only marketed motorized delivery system worldwide, according to Frost & Sullivan. These unique designs have enabled VitaFlow™ to achieve positive clinical trial results[(1)] among TAVI products in China, delivering a low all-cause mortality rate and low incidences of postoperative complications. For details, see "Industry Overview—Competitive Landscape—TAVI Market." We also launched our first-generation in-house developed Alwide™ balloon catheter and Alpass™ catheter sheath as part of the VitaFlow™ offering, making us the only medical device company in China that has a comprehensive offering of in-house developed complementary TAVI procedural accessories, according to Frost & Sullivan. Our second-generation TAVI product, VitaFlow™ II, has completed the Registration Clinical Trial in China and is also under clinical trial in Europe. We submitted the registration application for VitaFlow™ II to the NMPA in October 2020. The application was accepted by the NMPA in November 2020 and is currently under review. We currently expect we will complete the registration of VitaFlow™ II in China by the end of 2021. In addition, we plan to apply for the CE Mark of VitaFlow™ II by the end of 2021. According to Frost & Sullivan, as of the Latest Practicable Date, VitaFlow™ II was the only TAVI product developed in China that had commenced a clinical trial in Europe. In addition to our TAVI products, we currently have five TMV pipeline products, strategically targeting all mainstream viable TVT options for mitral regurgitation, enabling us to penetrate the vast but underserved TMV market through in-house development and collaboration with our global partners, namely 4C Medical and ValCare, each being a medical device company focusing on the R&D of mitral and tricuspid valve medical devices.

We are deeply rooted in the vast, rapid-growing and substantially underpenetrated heart valve medical device market. According to Frost & Sullivan, in 2019, approximately 213.2 million patients worldwide suffered from valvular heart disease, which led to 2.6 million deaths. In recent years, transcatheter valve therapy has gradually replaced traditional open-chest surgeries as another clinical option for patients suffering from valvular heart diseases, which includes TAVI, TMV repair/replacement and TTV repair. Our product portfolio strategically focuses on addressing the most prevalent aortic valve and mitral valve diseases, including aortic stenosis and mitral regurgitation.

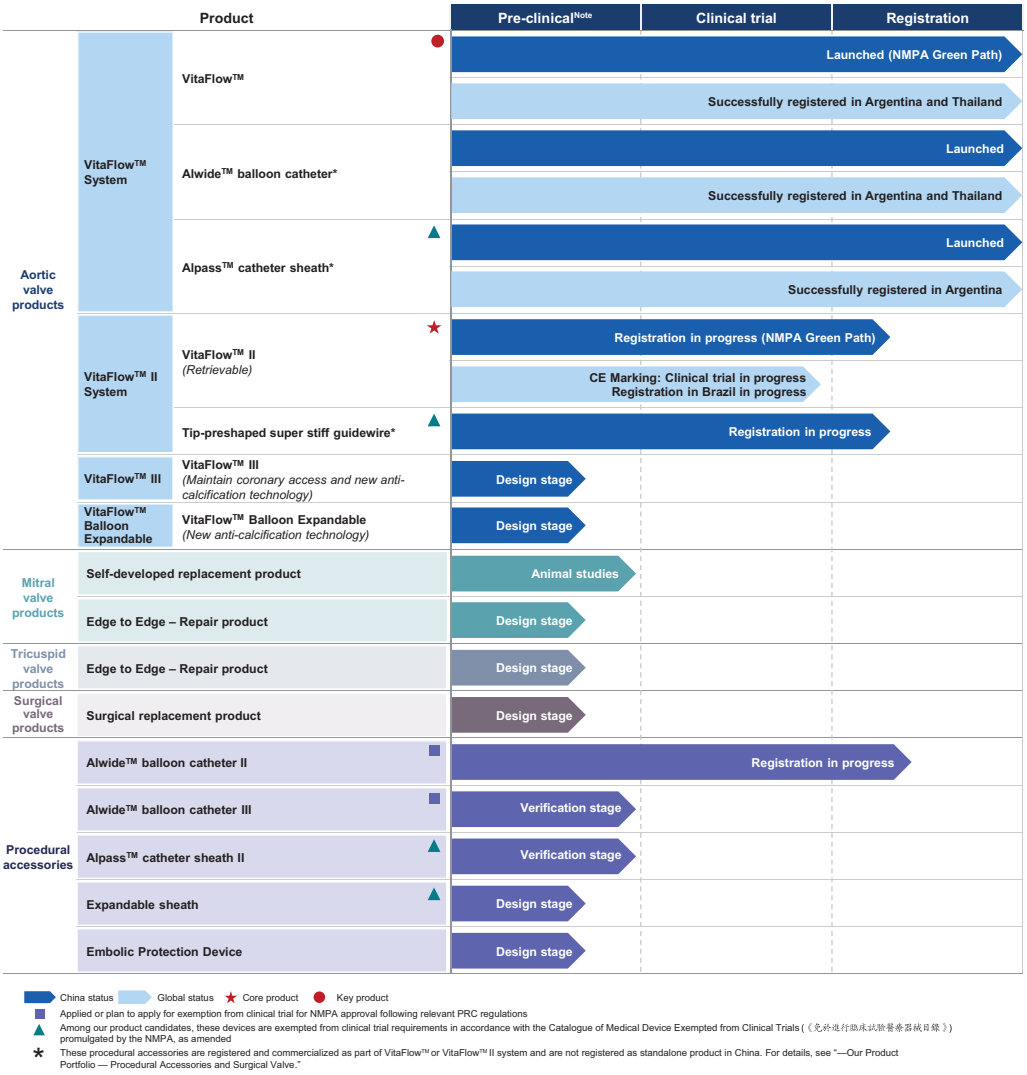
- ***Aortic stenosis***. According to Frost & Sullivan, patients suffering from aortic stenosis globally is expected to grow at a CAGR of 14.3% from 19.7 million in 2019 to 22.1 million in 2025. As a result, the global TAVI market size is expected to increase at a

(1) VitaFlow™ has achieved positive clinical trial results with respect to all-cause mortality rate and postoperative complications including moderate/severe PVL, major stroke and vascular complications, which according to Frost & Sullivan, are major clinical trial endpoints to demonstrate the safety and efficacy of TAVI products. For details, see "Industry Overview—Competitive Landscape—TAVI Market."

CAGR of 12.9% from US$4.8 billion (or RMB32.3 billion) in 2019 to US$10.0 billion (or RMB67.3 billion) in 2025. Compared to the TAVI market in developed countries, such as the United States, China's TAVI market is significantly under-penetrated. In 2019, there were approximately 2,400 TAVI procedures performed in China with a penetration rate of 0.3%, as compared to approximately 66,800 TAVI procedures performed and a penetration rate of 23.4% in the U.S. It is expected that in 2025, there will be approximately 42,000 TAVI procedures performed in China, representing a CAGR of 60.7% for the next five years and a penetration rate of 4.5% in 2025. As such, China's TAVI market is expected to grow from RMB392.0 million in 2019 to RMB5,055.7 million in 2025 at a CAGR of 53.1%.

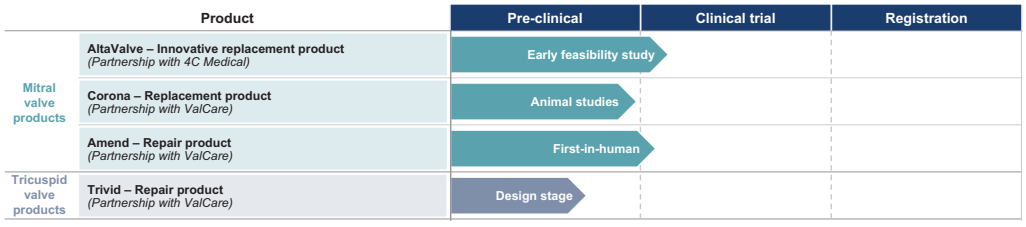
- ***Mitral regurgitation***. In 2019, there were 96.7 million patients worldwide and 10.6 million patients in China suffering from mitral regurgitation. Due to the complexity of TMV therapy, global TMV market is still in a relatively early stage with only six approved TMV repair products and one approved TMV replacement product globally. Most of the existing TMV technologies have certain clinical limitations, such as causing obstructions on the left ventricular outflow tract, impairing function of the left ventricle and leading to device embolization. As a result, we believe the TMV products that can address these clinical limitations will benefit the most from the vast but unmet medical demands in this area. According to Frost & Sullivan, driven by the increasing market demands of TMV repair/replacement products and emerging innovative TMV technologies, global TMV market is expected to reach US$17.4 billion (or RMB117.0 billion) by 2030 and will eventually grow to three or four times of the global TAVI market.

To seize the tremendous market opportunities and to address the unmet medical demands of valvular heart diseases, we began developing our first-generation TAVI product in 2010 as an incubation project within the MicroPort Group. Led by a senior management team with extensive experience with and insights on TVT technologies and the overall medical device industry, we have built a robust product portfolio strategically targeting aortic valve, mitral valve and tricuspid valve diseases. As of the Latest Practicable Date, we had successfully developed and commercially-launched one TAVI product (including two procedural accessories as part of its offering). We are also developing or collaborating with our partners on our next generation TAVI pipeline products, five TMV pipeline products, two TTV products, our surgical valve product and several procedural accessory products at different stages of development. The chart below summarizes our in-house developed product portfolio as of the Latest Practicable Date.



Note: Design stage refers to the designing and developing of the sample product. Verification stage refers to performing verification testing on the sample product to finetune its design.

The following chart summarizes the product portfolio that are developed by our business partners and for which we owned the exclusive commercial rights in China. With respect to these products, our business partners are primarily responsible for research, development and manufacturing of the products and we are responsible for product registrations and commercialization in China.



We have developed a medical device platform focusing on valvular heart disease. The platform covers our four key business functions namely R&D, clinical trial, manufacturing and commercialization. By levering this platform, all the key business functions are integrated to enable smooth collaboration during the whole life-cycle of a product candidate to speed up the product development process in a cost-effective manner. The platform lays a solid foundation and builds the

strategic moat for our research, development and commercialization competitiveness. Driven by strong innovation capabilities and supported by stringent quality controls, our platform primarily focuses on (i) technological innovation, product design and biological material processing technique; (ii) efficient design and execution of clinical trials; and (iii) manufacturing efficiency. This platform has enabled us to continuously expand our product portfolio to tackle valvular heart diseases with innovative treatment methods. We have also established a quality control system in accordance with GMP standards required by the NMPA and ISO13485:2016.

We have a proven track record of product commercialization. As of July 31, 2020, we had sold 872 units of VitaFlow™—an average of over 70 units per month in the first year of its commercialization. As of the Latest Practicable Date, TAVI procedures using VitaFlow™ had been performed at over 120 hospitals in China, most of which are Class IIIA Hospitals located at tier-one and tier-two cities, including 18 of the Top 20 TAVI Hospitals. We have established a dedicated in-house sales and marketing team with professional medical background, primarily focusing on academic promotions. Supported by the positive clinical trial results of VitaFlow™, with respect to all-cause mortality rate and postoperative complications including moderate/severe PVL, major stroke and vascular complications, patient-oriented pricing strategy, strong endorsement from KOLs and hospitals, our enabling distributor network and the brand recognition of "MicroPort" in the cardiology field, we believe we are well-positioned to benefit from the rapid growth of China's TAVI market and to further gain market share.

Complemented by our proven commercialization capabilities, medical device platform focusing valvular heart diseases and experienced management team with continuous support from Shareholders, we have successfully developed and launched a TAVI product with positive clinical trial results with respect to all-cause mortality rate and postoperative complications including moderate/severe PVL, major stroke and vascular complications, in China and we are also developing our second-generation TAVI product, which is at near-commercialization stage. We are also dedicated to serving the vast but underserved TMV market, strategically targeting all mainstream viable TVT options for mitral regurgitation through in-house development and collaboration with our global partners, namely 4C Medical and ValCare, each being a medical device company focusing on the R&D of mitral and tricuspid valve medical devices. We believe these competitive strengths are difficult to replicate and we are well-positioned to capture the tremendous growth potential of the valvular heart disease market. At the same time, we plan to continue to strengthen our presence in China's TAVI market, advance our international strategy, rapidly advance our TMV pipeline and other product candidates and improve operational efficiency and achieve economies of scale to support long-term growth.

COMPETITIVE STRENGTHS

Medical device company in China focusing on the transcatheter valve therapy technology, offering innovative TAVI solution

Our self-developed first-generation TAVI product, VitaFlow™, has obtained the NMPA marketing approval through the Green Path for Innovative Medical Device in China in July 2019 and was commercialized in China in August 2019. As of the Latest Practicable Date, there were five approved or commercialized TAVI products in China, among which, VitaFlow™ is the only one utilizing bovine pericardium as valve tissue, according to Frost & Sullivan. VitaFlow™ also

innovatively features a first-in-China double-layer PET skirt and the only marketed motorized delivery system worldwide, according to Frost & Sullivan. These unique designs enabled VitaFlow™ to deliver positive clinical trial results among marketed TAVI products in China. For details, see "Industry Overview—Competitive Landscape—TAVI Market." We also launched our first-generation in-house developed Alwide™ balloon catheter and Alpass™ catheter sheath as part of the VitaFlow™ offering, making us the only medical device company in China that has a comprehensive offering of in-house developed complementary TAVI procedural accessories, according to Frost & Sullivan.

VitaFlow™ has completed a prospective, multi-center and single-arm pivotal clinical trial in China on 110 patients, who had an average STS Score of 8.8. Compared with other TAVI products currently commercialized in China, VitaFlow™ achieved positive clinical trial results with respect to all-cause mortality rate and postoperative complications including moderate/severe PVL, major stroke and vascular complications.

- ***Mortality rate.*** The all-cause mortality rate was 0.9% at discharge, 0.9% at 30 days, 2.7% at six months, 2.7% at 12 months, 4.5% at 24 months and 10.9% at 36 months post-implantation.

- ***PVL.*** None of the patients experienced moderate or severe PVL during the 12 months following the TAVI procedure.

- ***Major stroke.*** None of the patients experienced a major stroke during the 24 months following the TAVI procedure and only two patients experienced a major stroke during the 36 months following the TAVI procedure.

- ***Vascular complications.*** During the 36 months following the TAVI procedure, only 2.7% of the patients experienced major vascular complications.

We believe the positive clinical trial results of VitaFlow™ are attributable to the innovative and unique designs of VitaFlow™.

- ***The first commercialized TAVI product with bovine pericardium valve tissue in China***. According to Frost & Sullivan, among the five currently approved or commercialized TAVI products in China, VitaFlow™ is the first one utilizing bovine pericardium as the valve tissue. Existing clinical trial data on SAVR have demonstrated that bovine material can provide better durability and hemodynamic performance as compared to porcine material, and leads to lower risks of postoperative complications. As a result, bovine pericardium has been dominating the global TAVI market with over 55% market share and substantially the entire global SAVR market. Patients treated with TAVI products utilizing bovine pericardium as valve tissue are able to live with the implanted prosthetic aortic valve for a longer period of time, lowering the chance for another TAVI procedure.

- ***First double-layer PET skirt design in China***. PVL is one of the major complications post TAVI procedures, which may lead to atrial fibrillation, pulmonary hypertension, or even heart failure. VitaFlow™ features an innovative first-in-China double-layer PET skirt design, according to Frost & Sullivan. One layer of the PET skirt is attached to the inner side of the nitinol frame and the other layer is attached to the outer side. The configuration optimizes the sealing effect of the valve and effectively reduces PVL.

- ***Only marketed motorized delivery system worldwide***. According to Frost & Sullivan, as of the Latest Practicable Date, among all the commercialized TAVI products worldwide, VitaFlow™ was the only one that had a motorized delivery system. Compared to a manual delivery system, which generally depends more on physician's experiences in TAVI procedures, physicians can position the guidewire and deploy the PAV more precisely and stably with the motorized delivery system, which in turn improves the overall success rate of TAVI procedures. We believe the motorized delivery system can significantly benefit physicians by lowering the challenges in performing TAVI procedures and shortening the learning curve of physicians for TAVI procedures.

In addition, we have also launched two in-house developed TAVI procedural accessories in China, namely our first-generation balloon catheter (Alwide™) and catheter sheath (Alpass™), which are offered as part of the VitaFlow™ offering. According to Frost & Sullivan, we are the only medical device company in China that has a comprehensive offering of in-house developed complementary procedural accessories. We believe these procedural accessories can help lower the challenges in performing TAVI procedures and shorten the learning curve for physicians. Alwide™ provides low compliance with a high burst pressure for patients with severe calcification and can achieve a shorter inflation/deflation pacing time. Alpass™ is kink-resistant and has excellent tractability, making it highly compatible with various physical conditions that the patients may have.

Next-generation TAVI solutions under development, with a clear roadmap to penetrate international markets

We are dedicated to optimizing our existing TAVI solutions to address the industry pain points and unmet medical demands in the global TAVI market. Currently, we are developing the upgraded version of TAVI products, aiming to benefit patients in China and worldwide. Our second-generation TAVI product, VitaFlow™ II is an upgraded product based on VitaFlow™ with retrievable function. We had completed the Registration Clinical Trial for VitaFlow™ II and submitted the registration material to the NMPA in October 2020. The application was accepted by the NMPA in November 2020 and is currently under review. We currently expect we will complete the registration of VitaFlow™ II in China by the end of 2021. Targeting the international market, we commenced a pivotal clinical trial for VitaFlow™ II in Europe for CE Mark registration in 2018. In addition, we are in the process of developing our third-generation self-expanding TAVI product and another balloon-expandable TAVI product, and other upgraded procedural accessories. We are developing an upgraded anti-calcification technology, which will be adopted in our future TAVI products, and an upgraded valve design, which will be adopted in the third-generation self-expanding TAVI product.

In addition to all the innovative features offered by VitaFlow™, VitaFlow™ II adopts an advanced delivery system with a retrievable function. During the TAVI procedure, the retrievable function allows physicians to retrieve the PAV and make up to three attempts to adjust the PAV's position if the initial release position is not ideal, provided the deployment of PAV has not exceeded 75% of the maximal deployment range. The retrievable function is designed to improve the accuracy of positioning and deploying PAV, which will further improve the overall success rate of TAVI procedures and lower the risks of postoperative complications.

VitaFlow™ II had achieved positive clinical trial results during the Registration Clinical Trial with respect to its safety and efficacy. During the 30-day follow-up period, none of the patients

experienced a disabling stroke. We had also observed a significant improvement in patients' cardiac functions, measured by the NYHA Classification. Prior to the TAVI implantation, none of the patients were classified as class I and only 18.3% of the patients were classified as class II under the NYHA Classification, which significantly improved to 19.3% and 68.4% at 30-day follow-up evaluation. Although there were three mortality cases observed, as reviewed and adjudicated by the clinical endpoints committee, none of the mortality cases were related to the function of VitaFlow™ II.

As a China-based medical device company with a global vision, we are taking measured steps to enter the international market. We are conducting a pivotal clinical trial for VitaFlow™ II in Europe for CE Mark registration. According to Frost & Sullivan, as of the Latest Practicable Date, VitaFlow™ II was the only TAVI product developed in China that had commenced clinical trials in Europe. As the CE Mark application for VitaFlow™ II will be based on the 12-month follow-up evaluations of the Registration Clinical Trial and the data we will obtain from the planned clinical trial in Europe, we plan to submit the application for CE Mark by the end of 2021.

Strategically targeting the most prevalent mitral valve disease

According to Frost & Sullivan, mitral regurgitation is the most prevalent among all valvular heart diseases, representing 45.4% of all the patients suffering from valvular heart diseases in 2019. However, as of the Latest Practicable Date, there were only six approved TMV repair products and one approved TMV replacement product reaching commercial stage globally with only one TMV repair product being approved in China. Further, the approved TMV replacement product can only be eligible for mitral regurgitation patients with certain characteristics, representing only a limited portion of the total patient group. Most of the existing TMV technologies have certain clinical limitations, such as causing an obstruction on the LVOT, impairing function of the left ventricle and leading to device embolization. The vast but unmet medical demands for mitral regurgitation patients present great potential for innovative solutions. We believe the TMV products that can address the current limitations will benefit the most from the vast market opportunities. According to Frost & Sullivan, the global and China patients of mitral regurgitation is approximately 96.7 million and 10.6 million in 2019, which are approximately 4.9 times and 2.5 times of the global and China patients of aortic stenosis, implying significant market potential.

Since our inception, we closely monitor and evaluate the market trends and innovative treatment options in global TMV market. In addition, we also actively seek opportunities to collaborate with industry-leading medical device companies focusing on mitral valve diseases, especially mitral regurgitation. We believe that the current challenges and difficulties of mitral regurgitation will eventually be addressed by technology breakthroughs and innovative treatment options. Capitalizing on our strong in-house R&D capabilities and our close cooperation with our global partners, namely 4C Medical and ValCare, each being a medical device company focusing on the R&D of mitral and tricuspid valve medical devices, we have five TMV pipeline products, strategically targeting all mainstream viable TVT options for mitral regurgitation. Our efforts in the TMV market are summarized below.

TMV Repair

- Amend

We invested in and collaborated with ValCare, a medical device company organized in the U.S. with an Israeli subsidiary on a TMV repair pipeline product—Amend. As of the Latest Practicable Date, Amend was undergoing a feasibility study on humans and had completed the first phase of its first-in-human MRCT in Israel and Europe. The purpose of the first-in-human MRCT is to evaluate the product safety and efficacy on human bodies and to obtain data for the initiation of clinical trials. Amend adopts an innovative semi-rigid, D-shaped ring with unique anchoring capabilities that emulates the current annuloplasty rings used in open-chest surgeries, which will be delivered via a catheter into the mitral annulus in a minimally-invasive procedure. Amend will maintain the original mitral valve's structural integrity, and as a result improves its long-term performance. The design of the ring also makes Amend compatible with various delivery approaches, including transseptal or transapical approach. We have recently entered into a Master Distribution Agreement with ValCare under which, subject to and pending upon the execution of a mutually agreed upon agreement for the territory of China and certain other preconditions set forth in the Master Distribution Agreement, we shall be granted with exclusive distribution rights in relation to Amend in China. For details, see "—Collaboration with Third Parties."

- *In-house developed TMV repair product*

We are currently conducting early-stage design of an edge-to-edge TMV repair product, which will adopt a transseptal approach.

TMV Replacement

- Corona

We are also collaborating with ValCare in relation to a TMV replacement product—Corona. As of the Latest Practicable Date, Corona was undergoing animal studies. The purpose of the animal studies is to verify the product design and to obtain preliminary safety and efficacy data. Corona is specifically designed to fit inside the Amend D-shaped repair ring. Corona and Amend together provide a valve-in-ring solution for patients that are ineligible for TMV repair and Corona can either be implanted alongside Amend or at a later stage after TMV repair is performed using Amend. The unique four-leaflet valve of Corona is also designed to improve its cooptation and sealing efficacy. We have recently entered into a Master Distribution Agreement with ValCare under which, subject to and pending upon the execution of a mutually agreed upon agreement for the territory of China and certain other preconditions set forth in the Master Distribution Agreement, we shall be granted with exclusive distribution rights in relation to *Corona* in China. For details, see "—Collaboration with Third Parties."

- AltaValve

We invested in 4C Medical, which is developing an innovative TMV replacement medical device, AltaValve. As of the Latest Practicable Date, AltaValve was undergoing an early-stage human feasibility study. The purpose of the early-stage human feasibility study is to obtain preliminary product safety and efficacy data on human bodies. AltaValve's supra-annular fit and atrial-only

fixation are designed to overcome the concerns of anchoring and fixation difficulties present in existing TMV technologies. Further, AltaValve leaves the left ventricle geometry intact and therefore reduces the risks of LVOT obstruction and damage. AltaValve can be implanted through transseptal or transapical approach, which is suitable for the vast majority of patients suffering from mitral regurgitation. We enjoy the exclusive distribution rights in relation to AltaValve and manufacturing rights in relation to the delivery system of AltaValve in China. For details, see "—Collaboration with Third Parties."

- *In-house developed TMV replacement product*

We are conducting animal studies on our in-house developed TMV replacement pipeline product. Our unique design of this product is expected to reduce the risks of LVOT obstruction and damage while preserving the ventricle function. The pipeline product has a thin diameter of 32 Fr, which has the potential to cause less vascular damage during delivery. As of the Latest Practicable Date, we had observed positive results during a three-month follow-up animal study.

With our long-term focus on the TMV market, we believe we are well-positioned to identify the limitations and risks associated with current treatment options and to strategically direct our R&D efforts to address mitral regurgitation, which in turn, will enable us to benefit from vast but substantially underpenetrated TMV market.

Proven commercialization capability with rapid penetration into hospitals in China, supported by collaboration with KOLs

We have a proven track record in the commercialization of our products. We have invited industry-leading KOLs to participate in our product design and clinical trials before the commercial launch of our products to increase the awareness and recognition of our products. Driven by positive clinical trial results of VitaFlow™, patient-oriented pricing, strong KOLs' endorsement on our products and the overall brand awareness of the "MicroPort" brand, we had successfully sold 271 and 601 units of VitaFlow™ in the last five months of 2019 and the seven months ended July 31, 2020, respectively—an average of over 70 units per month in the first year of its commercialization.

We adopt a patient-oriented pricing strategy which we believe can achieve the balance between patients' affordability and market demands. We have conducted extensive market research with KOLs, hospitals, physicians and patients as well as regulatory bodies prior to setting the market price. We believe our competitive pricing can significantly benefit the large patient pool eligible for TAVI procedures and drive our future business growth.

We adopt an academic promotion approach in introducing our products into hospitals, which we believe will increase the market awareness of our products and support our commercialization efforts. According to Frost & Sullivan, 73.5% of the TAVI procedures performed in China in 2020 are expected to be performed at the Top 20 TAVI Hospitals. We focus on penetrating these hospitals as the first step of our marketing strategy. In order to gain a higher market share in these hospitals, we maintained regular interaction and communication with KOLs from these hospitals. We invited these KOLs to carry out clinical studies for our pipeline products and post-launch clinical studies. In general, these KOLs highly recognized the unique and innovative design of VitaFlow™ and its positive clinical trial results with respect to mortality rate and postoperative complications including

moderate/severe PVL, major stroke and vascular complications. As of the Latest Practicable Date, we had successfully penetrated 18 of the Top 20 TAVI Hospitals.

We also focus our academic promotion efforts on exploring and penetrating new hospitals which are eligible for performing TAVI procedures. According to Frost & Sullivan, there are strong demands in qualified hospitals with an experienced TAVI operation team to support the growth of China's TAVI market. In 2019, there were 604 hospitals that are eligible for performing TAVI procedures but only 156 hospitals had performed TAVI procedures. We believe this represents ample opportunities for us to further penetrate China's TAVI market. In order to strengthen our product recognition among these hospitals, we actively participate in industry-leading academic conferences and host hospital training sessions. In 2019, we introduced VitaFlow™ through lectures or case studies seminars at over eleven industry-leading academic conferences in China, each of which attracted over 100 physicians in the cardiovascular area in China. As of July 31, 2020, we had organized approximately 90 hospital seminars and training sessions in 24 provinces and over 50 cities in China. These academic presences enable us to introduce TAVI technology and our product to a wider hospital and physician group. With our frequent participation in academic conferences and close interaction with physicians and hospitals, as of the Latest Practicable Date, TAVI procedures using VitaFlow™ had been performed at over 145 hospitals in China and no incidence of major postoperative complication had been observed. In September 2020, VitaFlow™ became the first TAVI product to obtain the Shanghai Basic Medical Insurance Medical Device Settlement Code ("上海市基本醫療保險儀器設備/醫療器材結算編碼"), a prerequisite for medical device to be commercially sold at substantially all the hospitals in Shanghai, according to Frost & Sullivan. According to the same source, Shanghai is one of the cities in China that have the most eligible hospitals for TAVI procedures and VitaFlow™ has successfully penetrated most eligible hospitals for TAVI procedures in Shanghai. As of the Latest Practicable Date, we were also in the process of penetrating the remaining eligible hospitals in Shanghai.

Medical device platform to provide innovative treatment solutions

Driven by our strong innovation capabilities and supported by our strict quality control system in accordance with global leading standards, our platform primarily focuses on (i) technological innovations, advancements in product design, and improvement in biological material processing techniques; (ii) efficient design and execution of clinical trials; and (iii) manufacturing efficiency.

R&D

We have a strong track record of in-house R&D achievements. As of the Latest Practicable Date, we had self-developed and owned over 150 patents in China and overseas and had over 80 patent applications pending in China. Benefiting from our long-time R&D efforts and dedication in valvular heart diseases, we have built a core R&D team with key technology expertise in areas including biological material, suturing technique, structure design and processing technique, among others. Our R&D capabilities and expertise have enabled us to make significant progress in product innovation, technology development and manufacturing process optimization to address industry pain points. For example, we use bovine pericardium as valve tissue due to its better durability and hemodynamic performance as compared to the porcine pericardium. To address suturing challenges presented due to the additional thickness of bovine pericardium and the double-layer PET skirt design, which contributes to extra thickness, our biological material team, suturing technique team and processing technique team worked together to develop a unique suturing technology with better designs for valve

leaflets and PET skirt. Going forward, we will continuously expand our product pipeline through our R&D effort to strengthen our competitive advantages. In addition, we also have an international scientific advisory board, consisting of global leading scientists and physicians in the cardiovascular field, namely Dr. Nicolo Piazza, Dr. Thomas Modine and Dr. Darren Mylotte, who share their abundant experiences with and insights on the latest technology breakthroughs and latest trends in the treatment of valvular heart diseases worldwide.

Clinical Development

Through our over ten years of R&D experience in the Class III medical device field, we gain a deep understanding of the laws and regulations relating to Class III medical devices in China and overseas. We also have accumulated extensive experience in managing and executing clinical trials efficiently and simultaneously in both China and overseas. With VitaFlow™ II being the only TAVI product developed in China that had commenced clinical trial in Europe, we accumulated unique know-how and experiences in clinical trial management overseas.

We have abundant experience in clinical trial execution, covering every critical stage of clinical trials including planning, designing, execution, data management and data analysis. As of the Latest Practicable Date, we had designed and executed three clinical trials in China and Europe. By closely cooperating with PIs from leading hospitals in China and overseas and benefiting from our effective clinical trial management, the pivotal clinical trial for VitaFlow™ took only eleven months from the first patient enrollment to completing TAVI procedures on all the patients, which, according to Frost & Sullivan, is significantly shorter than that of clinical trials of competing TAVI products in China. With respect to our ongoing clinical trial in Europe, in response to the impact of the COVID-19 pandemic, we have been actively monitoring the latest status of each clinical site in Europe. We expect our application for CE Mark will be partially supported by the clinical trial data obtained in China, which we believe will expedite our CE Mark registration process.

Manufacturing

We have built a strong manufacturing team to bring our products from the clinical trial stage to commercial production seamlessly. In particular, manufacturing prosthetic aortic valves is a complex process. Suturing the bovine pericardium to the frame, a key step in the manufacturing process, must be done manually by experienced technicians, which currently cannot be replaced by machines as it requires significant know-how in assessing the thickness and hardness of bovine pericardia. As of July 31, 2020, we had over 30 full-time technicians that are capable of completing the suturing task. The manufacturing of VitaFlow™ needs to be carefully managed in a temperature and humidity controlled environment. As of the Latest Practicable Date, we had two manufacturing facilities in Shanghai, namely the Nanhui Facility and the Zhangjiang Facility, with a total GFA of approximately 3,863.8 square meters. We have established a stringent quality control management system in accordance with the GMP standard required by the NMPA as well as the ISO13485:2016.

Experienced management team with international expertise and commitment to valvular heart diseases and strong shareholder support with trusted brand name of "MicroPort"

We are led by a management team who has rich working experience in the cardiovascular field. Our Chairman, Dr. Luo Qiyi, has over 29 years of experience in the medical device industry. Dr. Luo

has held key positions responsible for research and development at international leading medical device companies, such as C.R.Bard, Inc and Medtronic. Dr. Luo participated in the invention process of over 300 patents registered in China and overseas. Our President and executive Director, Mr. Chen Guoming, had over ten years of experience in the research and development of medical devices. He has successfully led the research and development of VitaFlow™ and VitaFlow™ II. Our management team also include Ms. Yan Luying and Mr. Wu Guojia, each being an executive Director and our Vice President. Ms. Yan Luying is mainly responsible for regulatory affairs and clinical trials, who has over 16 years of experience in registration, clinical investigation and management regarding active, non-active, interventional and implantable devices. Mr. Wu Guojia is mainly responsible for sales and marketing, who has over 16 years of experience in medical device companies and more than six years of experience as an interventional cardiologist. Mr. Wu has worked at several international medical device companies, including Boston Scientific, among others. For details, see "Directors and Senior Management."

Since our inception, we have received strong support from our Shareholders. Our Controlling Shareholder, the MicroPort Group, is a leading medical device company focusing on innovating, manufacturing and marketing high-end medical devices globally, which has been listed on the Main Board of the Stock Exchange since 2010. Benefiting from the brand recognition of "MicroPort", we believe we are well-positioned to promote our products among cardiovascular physicians. In addition, we have been inspired by the rich experiences in R&D, manufacturing and quality control of the MicroPort Group.

We receive strong endorsements from committed and Sophisticated Investors, including international leading investors such as Hillhouse Capital as well as private equity investors in China, such as China Renaissance Holdings Limited, China International Capital Corporation and CPE Global Opportunities Fund, L.P., among others.

BUSINESS STRATEGY

We intend to capitalize on our strengths to pursue a business strategy in the following aspects.

Continue to strengthen our presence in China's TAVI market

According to Frost & Sullivan, the China TAVI market is significantly under-penetrated. In 2019, there were approximately 2,400 TAVI procedures performed in China with a penetration rate of 0.3%, as compared to approximately 66,800 performed and a penetration rate of 23.4% in the U.S. It is expected that approximately 42,000 TAVI procedures will be performed in China, representing a CAGR of 60.7% for the next five years and a penetration rate of 4.5% in 2025. We intend to further increase our sales of TAVI products in China through the following.

- ***Expand and deepen hospital penetration***. We will continue our focus on increasing penetration into Top 20 TAVI Hospitals, in which we believe we can gain a substantial advantage by leveraging our positive clinical trial results of VitaFlow™ with respect to mortality rate and postoperative complications including moderate/severe PVL, major stroke and vascular complications and excellent KOLs' endorsement. We plan to further penetrate these hospitals to gain a leading market share in the near future. We will also expand into other hospitals that either has existing TAVI capabilities or the potential to

perform TAVI procedures. According to Frost & Sullivan, it is expected that there will be 1,149 eligible hospitals for TAVI procedures in China, among which 616 hospitals are expected to have performed TAVI procedures in 2025. These hospitals indicate high potential for TAVI penetration. We will also recruit more sales and marketing personnel with experience in or knowledge of valvular heart diseases and expand our distributor network to further penetrate China's TAVI market.

- ***Further advance development of next-generation products***. We intend to rapidly advance the R&D of our TAVI pipeline products. In October 2020, we submitted the registration application for VitaFlow™ II to the NMPA which was accepted in November 2020 and is currently under review. We currently expect we will complete the registration of VitaFlow™ II in China by the end of 2021. We will also advance the development of our third-generation self-expanding TAVI product and another balloon-expandable TAVI product, in order to provide full solution to all suitable patients, especially younger patients and patients with lower surgical risks.

- ***Strengthen academic promotion***. In addition to maintaining our KOL and physician network in the medical specialty of cardiology, we also intend to expand our KOL and physician network to physicians in cardiothoracic surgery, which we believe potentially also have strong demand for our products. We have kept, and will continue to keep frequent communications with several leading medical associations and conferences in these medical specialty fields, such as the Asia Valvular Heart Disease Conference, to design customized training programs for cardiac surgeons. We believe our KOL and physician coverage in the medical specialty of cardiothoracic surgery will enable us to gain advantages to promote our products in the cardiothoracic surgery department.

- ***Long-term postoperative follow-ups and marketing surveillance***. We will continue to conduct postoperative follow-up evaluations for up to five years post-TAVI procedure to further monitor the long-term safety and efficacy of VitaFlow™. We believe we are well-positioned to further enhance our relationship with physicians and boost our brand recognition through these valuable long-term clinical data.

Continue to advance our international strategy

We will continue our efforts in the international markets with a tailored strategy for both VitaFlow™ and VitaFlow™ II in various international markets with significant market potential. Leveraging the global awareness of the "MicroPort" brand, we plan to collaborate with global enablers, including medical device companies, research institutes, hospitals and distributors, to advance our international strategy

- ***VitaFlow™***. We are exploring opportunities for VitaFlow™ in emerging markets that recognize the NMPA approval. In July 2020, we successfully registered VitaFlow™ with the National Administration of Drugs, Foods and Medical Devices in Argentina. In November 2020, we successfully registered VitaFlow™ in Thailand. We plan to increase academic promotion activities and ramp up sales in these territories. We also plan to register VitaFlow™ in Russia in the next two years.

- ***VitaFlow™ II***. We will focus on product registration and commercialization of VitaFlow™ II overseas, especially in Europe. Currently, we are conducting a pivotal clinical trial for VitaFlow™ II in Europe for CE Mark registration. With our extensive experience in product development, registration and manufacture of TAVI products and the awareness of "MicroPort" brand, we believe VitaFlow™ II has the potential to become the first commercialized China-developed TAVI product in Europe. We will also advance product registrations in emerging markets, especially countries that recognize CE Mark or the NMPA approval such as Argentina, Brazil, South Korea, Russia, Thailand and India. We are also evaluating opportunities in other territories and we may consider enter such territories and conduct local clinical trials for product registration of VitaFlow™ II in such territories in the future.

- ***Overseas collaborations***. As part of our international strategy, we will steadily expand our academic coverage into overseas markets. During the Track Record Period, we were one of the few Chinese companies that had presented case study at international leading academic conferences, including PCR London and the SOLACI conference (also known as the Latin American Society of Interventional Cardiology). Leveraging the experience and the expertise of our international scientific advisory board, we intend to participate in more leading international cardiovascular conferences by organizing presentations and case studies to introduce our product to enhance our brand awareness globally.

Rapidly advance our TMV pipeline and other product candidates

We will continue our focus on the development of other pipeline products to expand our product portfolio, including TMV pipeline products, TTV pipeline products and next-generation procedural accessories and surgical accessories designated to strengthen our position in the transcatheter medical device market. Capitalizing on our market position and extensive know-how in the valvular heart disease field, we will further expand our product portfolio through in-house R&D capabilities. We believe we can leverage our experiences and know-how accumulated during the development of the current product portfolio in our future products.

We will also seek opportunities for third-party cooperation with a focus on valvular heart disease. Our deep and unique understanding and insights on valvular heart diseases will enable us to identify the technologies that we believe are of great clinical potential to tackle aortic valve, mitral valve and tricuspid valve diseases. We will prudently assess investment opportunities to expand our product portfolio through acquisition, collaboration or in-licensing arrangement with regard to these technologies.

We also intend to recruit and train additional talented R&D personnel to expand our in-house R&D team. Our in-house R&D team will work closely with our international scientific advisory board and KOLs to follow the market trends and technology breakthroughs, which will in turn enable us to better understand the clinical demands.

Improve operational efficiency and achieve economies of scale to support our long-term growth

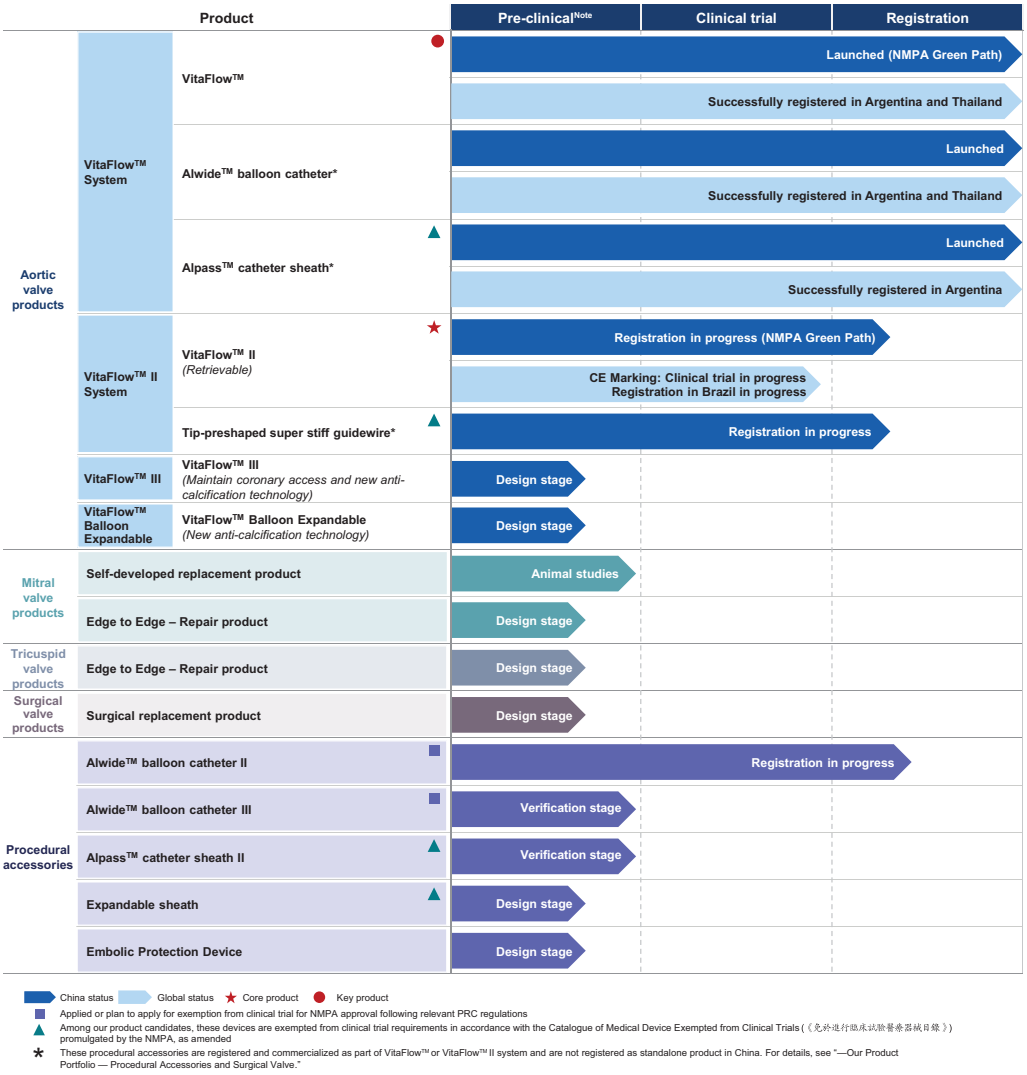
We plan to improve operational efficiency to achieve long-term growth through the following measures.

- ***Manufacturing***. To support our future sales growth, we have engaged a third party to construct a new manufacturing facility in Shanghai with a total GFA of approximately 13,000 square meters, which is currently expected to commence production in 2022. We expect the manufacturing capacity expansion will enable us to achieve economies of scale. In addition, we intend to further improve the automation and manufacturing efficiency through continuous infrastructure upgrade and facility automation.

- ***Operation***. We will continue our efforts to pursue lean management and operational excellence strategy. We plan to upgrade our digital supply management system and information management system to achieve real-time monitoring of our supply chain. We are also exploring methods to optimize our inventory management system, which will improve our operational efficiency.

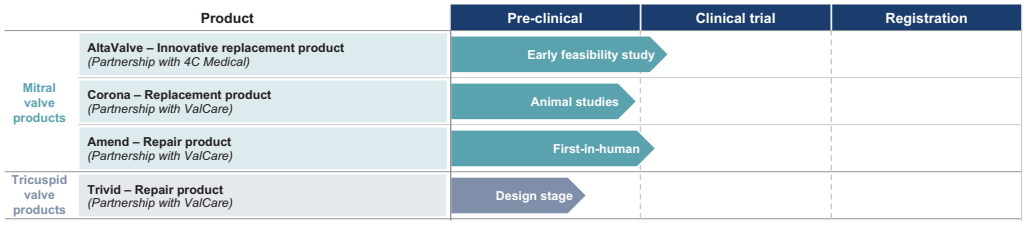
OUR PRODUCT PORTFOLIO

We are a medical device company in China focusing on the research, development and commercialization of innovative transcatheter and surgical solutions for valvular heart diseases. As of the Latest Practicable Date, we had successfully developed one marketed product, VitaFlow™, and various pipeline products at different stages of development by our in-house team or through collaboration with our global partners, namely 4C Medical and ValCare, each being a medical device company focusing on the R&D of mitral and tricuspid valve medical devices. For regulatory pathways for our products and pipeline products, see "Regulatory Overview." The chart below summarized our in-house developed product portfolio as of the Latest Practicable Date.



Note: Design stage refers to the designing and developing of the sample product. Verification stage refers to performing verification testing on the sample product to finetune its design.

The following chart summarizes the product portfolio that are developed by our business partners and for which we owned the exclusive commercial rights in China. With respect to these products, our business partners are primarily responsible for research, development and manufacturing of the products and we are responsible for product registrations and commercialization in China.



Aortic Valve Products

VitaFlow™—Our Key Product

Our first-generation TAVI product, VitaFlow™, was approved for commercialization for the treatment of severe aortic stenosis by the NMPA under the Green Path for Innovative Medical Device

in China in July 2019. Subsequently, VitaFlow™ was commercialized in China in August 2019. It is the first marketed TAVI product in China utilizing bovine pericardium as valve tissue, according to Frost & Sullivan. As of the Latest Practicable Date, VitaFlow™ was the only TAVI product featuring the first-in-China double-layer PET skirt and the only marketed motorized delivery system worldwide according to the same source. Our unique product designs have enabled VitaFlow™ to achieve positive clinical trial results, including a low all-cause mortality rate and low incidences of postoperative complications. For details, see "Industry Overview—Competitive Landscape—TAVI Market." We also launched our first-generation in-house developed Alwide™ balloon catheter and Alpass™ catheter sheath as part of the VitaFlow™ offering, making us the only medical device company in China that has a comprehensive offering of in-house developed complementary TAVI procedural accessories, according to Frost & Sullivan.

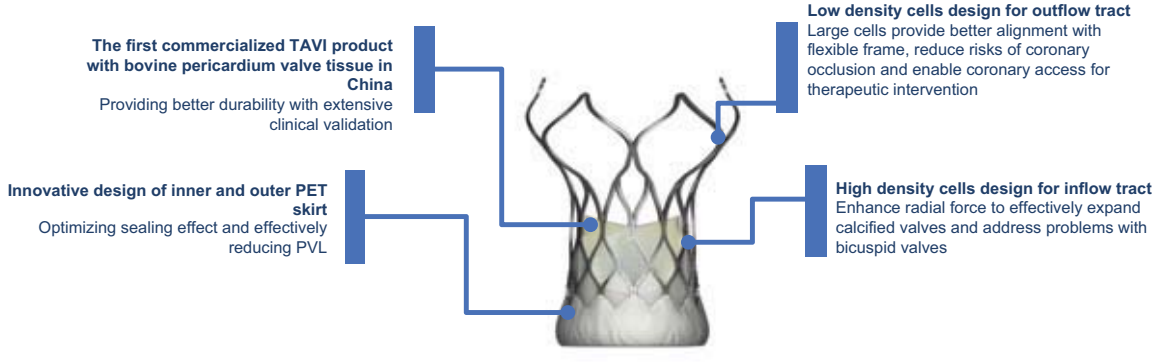
Since the commercial launch of VitaFlow™ and as of July 31, 2020, we had sold 872 units of VitaFlow™. As of July 31, 2020, we had 19 distributors and we plan to further expand our distributor network in the future to cover all the eligible hospitals for TAVI procedures in China. We are also evaluating the opportunities to market VitaFlow™ overseas, especially in emerging markets that recognize the NMPA marketing approval. In July and November 2020, VitaFlow™ was registered in Argentina and Thailand, respectively, we also plan to register VitaFlow™ in Russia in the next two years. We plan to enter into local agency or distributors with respect to our overseas strategies in these emerging markets. As of the Latest Practicable Date, we had engaged a local distributor in Argentina to gradually penetrate the Argentine market.

Product Structure

VitaFlow™ is a TAVI device that primarily consists of a prosthetic aortic valve ("PAV'), a motorized delivery system and certain procedural accessories.

Prosthetic Aortic Valve

The PAV is a self-expanding bio-prosthesis valve that is manufactured by suturing bovine pericardial valve leaflets and double-layer polyethylene terephthalate (PET) skirt onto a self-expanding nitinol frame. The picture below illustrates the key features of the PAV of VitaFlow™.



The PAV is designed to enhance the durability of the aortic heart valve and the safety of the TAVI procedure, which enables VitaFlow™ to achieve a low mortality risk and low incidence of postoperative complications. The key features of the PAV of VitaFlow™ are summarized below.

- ***Bovine pericardium valve tissue***. According to Frost & Sullivan, among the five currently approved or commercialized TAVI products in China, VitaFlow™ is the first one utilizing bovine pericardium as the valve tissue. Existing clinical trial data on SAVR have demonstrated that bovine material can provide better durability and hemodynamic performance as compared to porcine material, and leads to lower risks of postoperative complications. As a result, bovine pericardium has been dominating the global TAVI market with over 55% market share and substantially the entire global SAVR market. Patients treated with TAVI products utilizing bovine pericardium as valve tissue are able to live with the implanted prosthetic aortic valve for a longer period of time, lowering the chance for another TAVI procedure.

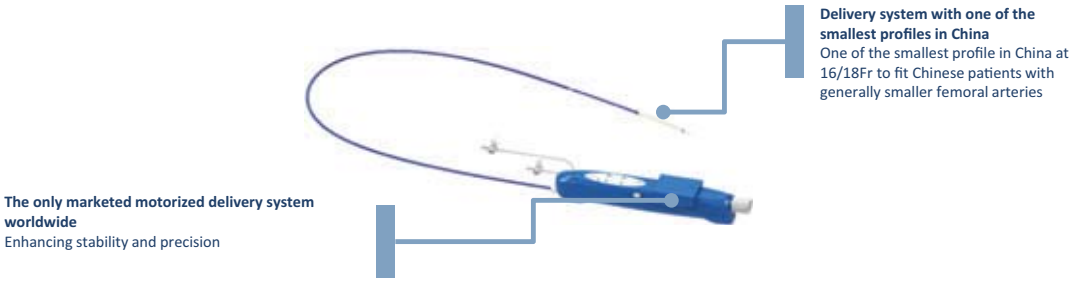
- ***Double-layer PET skirt design***. PVL is one of the major complications post TAVI procedures, which may lead to atrial fibrillation, pulmonary hypertension, or even heart failure. VitaFlow™ features an innovative first-in-China double-layer PET skirt design, according to Frost & Sullivan. One layer of the PET skirt is attached to the inner side of the nitinol frame and the other layer is attached to the outer side. The configuration optimizes the sealing effect of the valve and effectively reduces PVL.

- ***Hybrid density frame***. The bottom high-density cells are designed to significantly benefit patients with severely calcified valves or bicuspid valves as the enhanced high radial force at the annulus level will help push aside the leaflet. As a result, the hybrid density frame can increase the implantation success rate for patients with severely calcified valves or bicuspid valves, which can be demonstrated by the clinical trial results we collected from the pivotal clinical trial in China. For details, see "—Summary of Clinical Trial Results—Safety Results." The hybrid density frame uses low-density cells at the upper level, which provide better alignment with flexible frame, reduce risks of coronary occlusion and enable coronary access for future coronary intervention.

Our PAVs have four models with different dimensions in aortic annulus diameter and valve height, which allows physicians to select the most suitable in accordance with a patient's particular physical conditions.

Motorized Delivery System

According to Frost & Sullivan, among all the commercialized TAVI products worldwide, VitaFlow™ was the only one that had a motorized delivery system as of the Latest Practicable Date. The delivery system consists of a catheter and a motorized handle. The deployment end of the delivery system features a radiopaque catheter tip and a capsule that covers and maintains the PAV in the loading position. The motorized handle is on the proximal end of the catheter device and is used to load and deploy the PAV. In addition, a traditional manual operation knob is also available as a backup option. The picture below illustrates the key features of the delivery system of VitaFlow™.



The key features of the VitaFlow™ delivery system are summarized below.

- ***The only marketed motorized handle***. According to Frost & Sullivan, among all the commercialized TAVI products worldwide, VitaFlow™ was the only one that had a motorized delivery system as of the Latest Practicable Date. Compared to the manual delivery system which generally depends more on physician's experiences in TAVI procedures, physicians can position the guidewire and deploy the prosthetic aortic valve more precisely and stably with the motorized delivery system, which in turn improves the overall success rate of TAVI procedures. We believe the motorized delivery system can significantly benefit physicians by lowering the challenges in performing TAVI procedures and shortening the learning curve of physicians for TAVI procedures.
- ***Delivery system with one of the smallest profiles in China***. According to Frost & Sullivan, Chinese patients suffering from aortic valve diseases generally have smaller femoral arteries than patients in the U.S or Europe. The delivery system of VitaFlow™ is specifically designed for Chinese patients with the outer diameter of the sheath tube as thin as 16Fr or 18Fr. According to Frost & Sullivan, the delivery system of VitaFlow™ has one of the smallest profiles among all the commercialized TAVI products in China.

Procedural Accessories

As part of the comprehensive TAVI solutions offered by VitaFlow™, we also offer two procedural accessories, namely the Alwide™ balloon catheter and the Alpass™ catheter sheath. The pictures below illustrate the key features of our marketed procedural accessories.

Alwide™ balloon catheter

Alpass™ catheter sheath

Key features

- Low compliance ability enables accurate sizing.
- High burst pressure is suited for severe calcification.
- Fast inflation/deflation minimizes pacing time
- Better kink-resistance
- Excellent tractability

Operational procedure

The physician will insert the flushed balloon catheter through guidewire until it arrives at the root of the aorta, then the balloon is inflated to dilate the calcified aortic annulus or the implanted valve prosthesis.

The physician will insert a dilator into the catheter sheath after flushing, then insert them as an entirety into patient's femoral artery and iliac artery. Afterwards, the physician will withdraw the dilator. The catheter sheath will then form the access for TAVI device system and balloon catheter.

Operational Procedure

The key steps of the TAVI operational procedure are summarized below.

- ***Pre-procedure***. Pre-procedures mainly include (i) establishing of a vascular access site; (ii) administering anticoagulation; (iii) inserting the pacemaker electrode; (iv) positioning the distal tip of the pigtail in the non-coronary cusp of the native aortic valve; and (v) advancing the guidewire across the native aortic valve into the left ventricle.

- ***Deployment***. The deployment of the valve can be performed either by the motorized handle or the manual knob. A physician first presses the back button (or rotate the knob) to slowly expand the valve to six to eight mm in diameter and perform an angiogram to assess the location of the valve. The valve is deployed until both frame loops disengage. The physician then uses orthogonal views under fluoroscopy to confirm that the frame loops have detached from the catheter.

- ***Withdrawal***. After the frame loops are completely disengaged from the catheter, the physician will withdraw the catheter while maintaining the guidewire in position and then remove the catheter through the introducer sheath after the capsule is closed.

- ***Post*-procedure**. The physician is required to perform a post-implant aortography inspection to ensure coronary patency and assess aortic regurgitations.

Summary of Clinical Trial Results

Overview of Clinical Trial

In order to evaluate the efficacy and safety of VitaFlow™, we conducted a prospective, multi-center and single-arm pivotal clinical trial in China. The clinical trial was conducted in eleven sites, with Zhongshan Hospital of Fudan University (复旦大学附属中山医院) as the lead research institution. The comprehensive trial results demonstrated the lowest all-cause mortality rate among competitors worldwide based on a side-by-side comparison and significant improvements in the function of the patients' cardiovascular system post-implantation. With the first-in-China double-layer PET skirt design, we also observed that PVL was effectively and stably reduced during the follow-up period. Further, we also demonstrated that there were no statistical differences in clinical trial outcomes between bicuspid and tricuspid aortic valve patients.

Study Protocol and Design

From October 2015 to September 2016, 110 patients were enrolled in the pivotal clinical trial and TAVI procedures were performed on all of them. The patients enrolled had an average STS Score of 8.8. Each patient was required to sign an informed consent for the pivotal clinical trial. The decision to proceed with TAVI was made by a dedicated medical team consisting of experienced clinical and interventional cardiologists, imaging specialists, cardiac surgeons, and anesthesiologists at each clinical trial site. Set forth below are the patient inclusion criteria for the pivotal clinical trial.

- the age of the patient is 70 years old or above;
- the patient is diagnosed with severe native aortic stenosis;
- the patient is classified as class II or above under the NYHA Classification;
- the patient has a life expectancy of at least 12 months after implantation;
- the patient is deemed to be anatomically eligible for TAVI procedures; and
- the patient is prohibitive for SAVR procedures or considered to have a high surgical risk for SAVR procedures as evaluated by the multidisciplinary cardiovascular study.

The primary endpoint of the pivotal clinical trial is the all-cause mortality rate at 12 months after implantation. Secondary endpoints include major stroke, new pacemaker implantation, myocardial infarction, vascular complication, PVL, valve performance and class status under the NYHA Classification. The endpoints are self-reported by each trial site and then adjudicated by a clinical endpoints committee of the lead research institution. The degrees of PVL are assessed through echocardiography study at each trial site. We conduct follow-up evaluations at 30 days, six months, 12 months, 24 months, 36 months, 48 months and 60 months post-implantation. As of the Latest Practicable Date, we had completed the 36-month follow-up evaluation with the 110 patients and we were in the process of completing the remaining follow-up evaluations.

Safety Results

The safety of VitaFlow™ is primarily measured by the all-cause mortality rate. The all-cause mortality rate was 0.9% at discharge, 0.9% at 30 days, 2.7% at six months, 2.7% at 12 months, 4.5% at 24 months and 10.9% at 36 months post-implantation. Specifically, the cardiovascular mortality rate was 0.9% at discharge, 0.9% at 30 days, 1.8% at six months, 1.8% at 12 months, 2.7% at 24 months and 7.3% at 36 months post-implantation.

Other key considerations to evaluate the safety of our TAVI products are incidences of serious adverse events during the follow-up period, mainly including major strokes, minor strokes, major vascular complication and myocardial infarction. The table below illustrates the number and percentage of each type of serious adverse event that occurred among the 110 patients during the respective follow-up period post-implantation.

Clinical endpoints	Discharge (N=110)	30 days (N=110)	Six months (N=110)	12 months (N=110)	24 months (N=110)	36 months (N=110)
All-cause mortality	0.9%(1)	0.9%(1)	2.7%(3)	2.7%(3)	4.5%(5)	10.9%(12)
Cardiovascular mortality	0.9%(1)	0.9%(1)	1.8%(2)	1.8%(2)	2.7%(3)	7.3%(8)
All stroke (Major and Minor)	1.8%(2)	2.7%(3)	4.5%(5)	4.5%(5)	7.3%(8)	11.8%(13)
Major stroke	0.0%(0)	0.0%(0)	0.0%(0)	0.0%(0)	0.0%(0)	1.8%(2)
Minor stroke	1.8%(2)	2.7%(3)	4.5%(5)	4.5%(5)	7.3%(8)	10.0%(11)
Major vascular complication	1.8%(2)	1.8%(2)	1.8%(2)	2.7%(3)	2.7%(3)	2.7%(3)
Myocardial infarction	4.5%(5)	8.2%(9)	9.1%(10)	9.1%(10)	9.1%(10)	10.0%(11)

Efficacy Results[2]

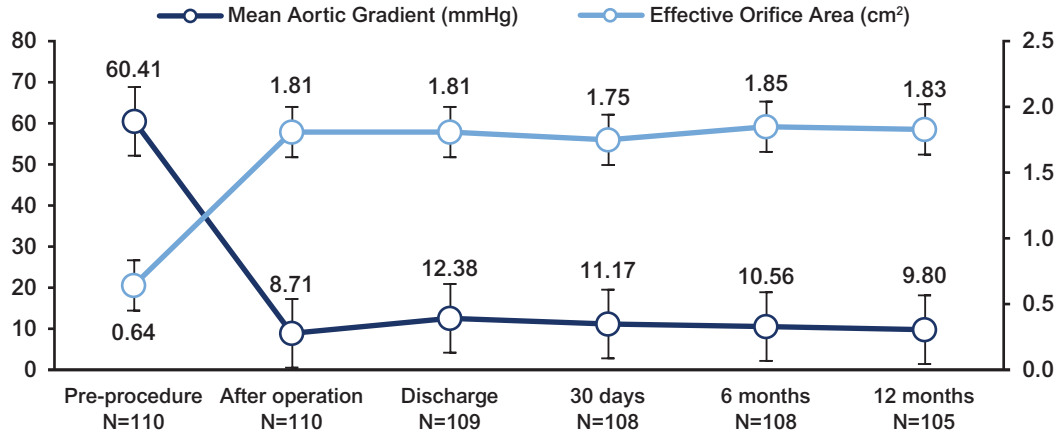
The efficacy of VitaFlow™ is measured by the physical conditions of patients during the follow-up period, mainly including effective orifice area, mean aortic gradient, class status under the NYHA Classification and the incidence and severity of PVL. In general, we observed a significant and stable improvement of the function of the patients' cardiovascular system post TAVI procedure which we believe are results of the innovative features of our VitaFlow™, such as the double-layer PET and hybrid density frame.

Improved Cardiovascular System Functions—Effective Orifice Area, Mean Aortic Gradient and Class Status under the NYHA Classification

The effective orifice area is a standard parameter for the clinical assessment of aortic stenosis severity, which refers to the minimal cross-sectional area of a native or bio-prosthetic aortic heart valve. Patients' effective orifice area increased significantly post-implantation and remained relatively stable during the 12-month follow-up period.

[2] Unless indicated otherwise, all data presented below are based on patients who survived at each follow-up time.

The mean aortic gradient is another measurement of aortic stenosis. In general, a patient with a mean aortic gradient of over 40 mmHg is considered to have severe aortic stenosis. VitaFlow™ was designed to use high-density cells for the inflow tract. Such high-density cells provide enhanced radial force at annulus level and help to push aside the leaflets. As a result, the mean aortic gradient decreased significantly post-implantation. The following chart illustrates the mean aortic valve gradient and the effective orifice area at each follow-up time.



NYHA Classification is a simple way of classifying the extent of heart failure. It classifies patients into one of four categories based on their symptoms or physical activity limitations. Such symptoms or limitations are with regards to normal breathing and varying degrees in shortness of breath and/or angina pain. In general, class II or below in the NYHA classification refers to mild or no symptoms and no limitations in ordinary physical activity. Class III refers to marked limitation in activities due to symptoms, even during less-than-ordinary activity and class IV refers to severe limitation where the patient experiences symptoms even at rest.

Before the TAVI procedure, only 19.1% of the patients were classified as class I or class II under the NYHA Classification. Following the 24-month and 36-month follow-up post-implantation, 96.2% and 94.9% of the patients achieved class I or class II under the NYHA Classification, respectively. The following table illustrates the class status of our patients under NYHA Classification at the follow-up time indicated.

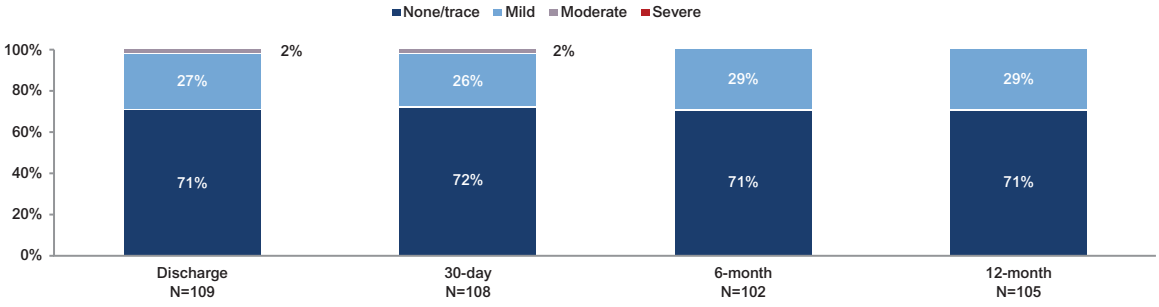
NYHA Classification[Note]	**Pre-procedure (N=110)**	**Discharge (N=109)**	**Six months (N=106)**	**12 months (N=107)**	**24 months (N=107)**	**36 months (N=98)**
Class I	0.0%	6.5%	47.2%	70.1%	69.2%	68.7%
Class II	19.1%	43.5%	48.1%	26.2%	27.0%	26.3%
Class III	59.1%	41.7%	3.8%	2.8%	3.8%	5.0%
Class IV	21.8%	8.3%	0.9%	0.9%	0.0%	0.0%

Note: The number of patients represent the patients that undergo the follow-up evaluations with respect to NYHA classification at each follow-up period.

Reduced Post-Procedural Complications—Mitigating PVL

While improving the functions of the patients' cardiovascular system, clinical trial results also demonstrated that VitaFlow™ can reduce incidences of postoperative complications, especially the PVL, which may lead to atrial fibrillation, pulmonary hypertension, or even heart failure. The first-in-China double-layer PET skirt provides a better sealing effect around the frame, which in turn

mitigates PVL. Only 2% of the patients were observed with a moderate PVL and none with severe PVL at discharge and 30 days post implantation, respectively. At six months and 12 months post implantation, none of the patients had moderate or severe PVL. The low rate of moderate or severe PVL also contributes to the observed low all-cause mortality rate. The chart below illustrates the level of PVL at each follow-up period.



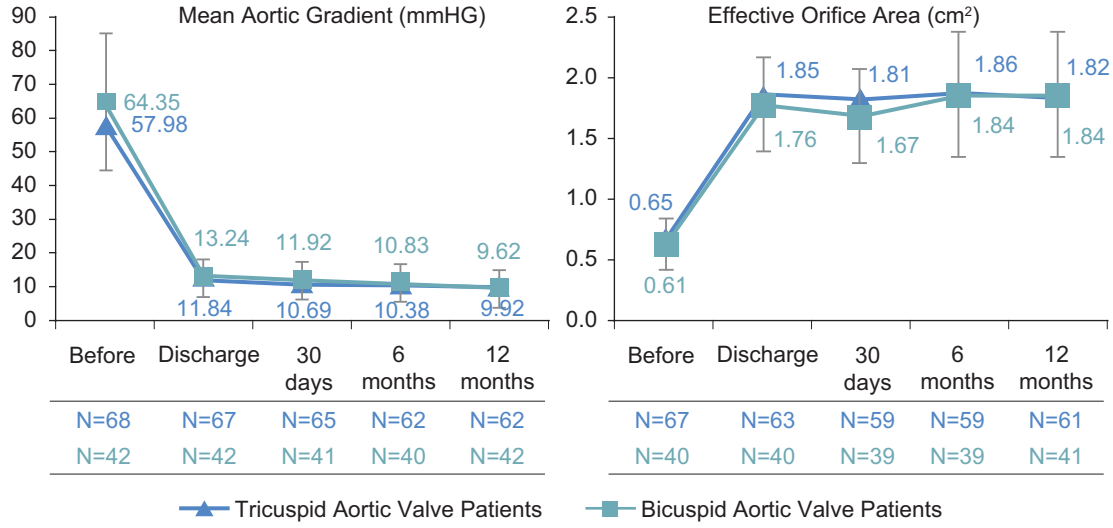
No statistical differences between Tricuspid and Bicuspid Aortic Valve

According to Frost & Sullivan, compared with aortic stenosis patients in western countries, aortic stenosis patients in China generally have a higher percentage of bicuspid aortic valve morphology ("**BAV**"). The incidence of BAV in China is estimated to be 38.4%, while it is merely 1.3% in the U.S. In general, patients with BAV abnormalities only have two leaflets of the aortic valve and these leaflets may be thicker and stiffer than the patients with tricuspid aortic valve. In addition, patients with BAV abnormalities have higher risks of valvular dysfunction followed by severe aortopathy, such as PVL. Those characteristics impose greater challenges for TAVI products treating patients with BAV abnormalities.

VitaFlow™ achieved no statistical differences in clinical trial outcomes between tricuspid aortic valve patients and patients with BAV abnormalities. Among the 110 patients, 42 suffered from BAV abnormalities. In general, the clinical trial results have proven the safety and efficacy of VitaFlow™ in the treatment of both bicuspid and tricuspid aortic valve patients with aortic stenosis. The chart below illustrates a comparison of the clinical trial results between tricuspid and bicuspid valve abnormalities patients during the twelve months following TAVI implantation.

Clinical outcomes	**Tricuspid aortic valve patients**	**Bicuspid aortic valve patients**
Number of patients	68	42
All-cause mortality (%)	4.4%	0.0%
Cardiovascular mortality (%)	2.9%	0.0%
All stroke (Major and Minor; %)	4.6%	4.8%
Major vascular complication (%)	4.5%	0.0%
Moderate or severe PVL (%)	0.0%	0.0%
New pacemaker implantation (%)	22.1%	14.3%
NYHA class I (%)	67.7%	73.8%

The following chart illustrates the comparison of mean aortic gradient and effective orifice area between tricuspid and BAV abnormalities aortic valve patients at the respective follow-ups during the 12-month post-implantation in respect of the mean aortic gradient and effective orifice area.



Market Opportunity and Competition

According to Frost & Sullivan, there were 19.7 million patients worldwide and 4.3 million patients in China suffering from aortic stenosis in 2019. The number of aortic stenosis patients is expected to grow to 22.1 million worldwide and 4.9 million in China in 2025, respectively. Due to the insufficient number of qualified hospitals with experienced physicians, the TAVI market in China is significantly under-penetrated with only 0.3% eligible patients being treated by TAVI procedure in 2019, as compared to 23.4% in the U.S. Driven by the increasing number of qualified physicians, increasing preference to TAVI procedures and the growing aging population, the TAVI market in China in terms of ex-factory price is expected to grow from RMB392.0 million in 2019 to RMB5,055.7 million in 2025 at a CAGR of 53.1%.

Further, according to Frost & Sullivan, the eligible patient pool of TAVI has great potential to expand, primarily driven by the following factors.

- ***Applicability for patients with low to intermediate surgical risks***. In August 2019, FDA expanded the indications of TAVI to cover aortic stenosis patients with low to intermediate surgical risks in the U.S. As of the Latest Practicable Date, TAVI was only approved for aortic stenosis patients who were not suitable for surgeries and patients with high surgical risks in China. According to Frost & Sullivan, it is expected that TAVI will be approved for patients with low to intermediate surgical risks in China in the future.

- ***Potential Indication for aortic regurgitation***. According to Frost & Sullivan, transfemoral TAVI procedures can also be used to treat aortic stenosis patients with regurgitation. However, as of the Latest Practicable Date, transfemoral TAVI procedures had not been approved for treating pure aortic regurgitation patients. It is expected that the expansion of transfemoral TAVI procedures will further contribute to the expansion of the eligible patient pool for TAVI procedure.

- ***Patients' affordability***. As of the Latest Practicable Date, TAVI procedures were reimbursable in the U.S. and certain countries in Europe, whereas reimbursement for TAVI procedure in China varies among provinces and even hospitals in the same province depending on whether TAVI procedures can be categorized as heart valve replacement procedure. As of the same date, TAVI procedures were not admitted into the medical insurance reimbursement list in China. However, in certain provinces or cities, TAVI procedures are categorized as heart valve replacement procedures, thus have been partially accredited into the local reimbursement drug scheme. According to Frost & Sullivan, more provinces are expected to offer reimbursement for TAVI procedures in China.

As of the Latest Practicable Date, VitaFlow™ was one of the four domestically-developed TAVI products that had been approved for commercialization in China. In addition to VitaFlow™, VenusA-Valve and VenusA-Plus of Venus Medtech, J-Valve of Suzhou Jiecheng and SAPIEN 3 of Edwards Lifesciences had also been approved for commercialization in China, none of which had been admitted into the medical insurance reimbursement list in China. There are also several TAVI products under or beyond clinical trial stage in China, including VitaFlow™ II of the Company, VenusA-Plus of Venus MedTech and TaurusOne and TaurusElite from Peijia Medical. The following table summarizes major TAVI products under commercialization or clinical trials in China.

Company	Product	Stage	Approval time[1]	Vascular Approach[2]	Expanding Mechanism[3]	Leaflet Material[4]	Profile	Retrievability	Outer Sealing Skirt	Motorized Handle	Price[5] RMB
MicroPort	VitaFlow™	Commercialized	2019.7	TF	SE	BP	16F,18F	×	√	√	196,000
	VitaFlow™ II	Registration in progress	NA	TF	SE	BP	NA	√	√	√	NA
启明医疗	VenusA-Valve	Commercialized	2017.4	TF	SE	PP	16F,18F 19F,20F	×	×	×	248,000
	VenusA-Plus	Approved	2020.11	TF	SE	PP	NA	√	×	×	NA[6]
苏州杰成医疗	J-Valve	Commercialized	2017.4	TA	SE	PP	NA	×	×	×	260,000
Edwards	SAPIEN 3	Commercialized	2020.6	TF	BE	BP	14F,16F	×	√	×	Approximately 380,000
PEIJIA	TaurusOne	Registration in progress	NA	TF	SE	BP	18F	×	√	×	NA
	TaurusElite	Clinical trial	NA	TF	SE	BP	NA	√	√	×	NA

Notes:

1. The actual approval time is up to NMPA announcement.
2. TF refers to transfemoral approach. TA refers to transapical approach.
3. SE refers to self-expanding mechanism. BE refers to balloon-expandable mechanism.
4. BP refers to bovine pericardium. PP refers to porcine pericardium.
5. The prices of VenusA-Valve, J-Valve and VitaFlow™ set forth herein are provided by Frost & Sullivan, based on the public wholesale tender prices of the relevant products in China as of the Latest Practicable Date. The prices of such products may be subject to changes, over which we do not have control. The price of SAPIEN 3 is mainly based on its global pricing and public information.
6. As VenusA-Plus has recently been approved by the NMPA in November 2020, as of the Latest Practicable Date the price of VenusA-Plus was not publicly available.

The following table summarizes key clinical trial data of major TAVI products in China and globally under clinical trial or commercialization.

Company	Product	30-days Mortality Rate[1]	30-days Major (Disabling) Stroke[1]	1-year Mortality Rate[1]	1-year Major (Disabling) Stroke[1]	1-year Moderate to Severe PVL Rate	1-year Major Vascular Complications	2-year Mortality Rate[1]	2-year Major (Disabling) Stroke[1]	3-year Mortality Rate[1]	3-year Major (Disabling) Stroke[1]
MicroPort	VitaFlow™	0.9%	0.0%	2.7%	0.0%	0.0%	2.7%	4.5%	0.0%	10.9%	1.8%
	VitaFlow™ II	5.0%	0.0%*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
启明医疗 VENUS-MEDTECH	VenusA-Valve	5.0%	1.0%	5.9%	1.0%	4.2%	5.9%	8.9%	1.0%	12.9%	1.0%
	VenusA-Plus	4.8%	1.6%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
苏州杰成医疗	J-Valve	4.7%	0.0%	5.6%	2.0%	1.1%	N/A	9.1%	2.0%	10.8%	N/A
Edwards	SAPIEN 3 (U.S. Trial)	2.2%	0.9%*	14.4%	2.4%*	2.7%	N/A	N/A	N/A	N/A	N/A
	SAPIEN 3 (China Trial)	0.0%	2.0%*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PEIJIA	TaurusOne	1.7%	NA	6.7%	N/A	1.0%	4.2%	N/A	N/A	N/A	N/A
	TaurusElite	N/A	NA	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note:

1. The data is from pivotal clinical trial of corresponding products and not head-to-head clinical results. VitaFlow™ (N=110), VitaFlow™ II (N=60), VenusA-Valve (N=101), VenusA-Plus(N=62), J-Valve (N=107), TaurusOne (N=120), SAPIEN 3 China Trial (N=50), U.S. Trial (N=583)

*: The data marked with * represent the incidences of disabling stroke.

For details, see "Industry Overview."

Development Plan

Observing the market potential of TAVI technology, we began to develop our TAVI product in 2010, aiming to provide innovative medical solutions for severe aortic valve patients through its innovative features. VitaFlow™ received the NMPA marketing approval in July 2019 and was commercialized in China in August 2019. As of July 31, 2020, we had sold a total of 872 units of VitaFlow™. Going forward, we will strategically expand our distributor network for VitaFlow™. For details of our marketing strategies, see "—Sales and Marketing." We also plan to initiate our first post-approval clinical trial of VitaFlow™ in 2021 to further evaluate the long-term safety and efficacy of our product. The post-approval clinical trial plans to enroll 100 patients, which will be conducted at seven trial sites. As required by the relevant PRC laws and regulations, the protocol of the post-approval clinical trial will follow substantially the same clinical protocol of the pre-approval clinical trial.

We are also evaluating the opportunities to market our VitaFlow™ overseas, especially in emerging markets that recognize the NMPA marketing approval. In July 2020 and November 2020, VitaFlow™ was registered in Argentina and Thailand, respectively, and we also plan to register VitaFlow™ in Russia in the next two years.

Material Communications with NMPA

VitaFlow™ has been recognized as an innovative medical device by the NMPA in August 2016 and is eligible for an expedited approval process. We commenced the pivotal clinical trial for VitaFlow™ in China in June 2014. Since then, we have had two rounds of official communications with the NMPA through scheduled meetings. In these communications, NMPA and us mainly discussed about the design of VitaFlow™, especially the use of bovine pericardium and the applicable laws, regulations and guidelines in relation to product registration. We have had no material difficulty in addressing comments of the NMPA during such communications. Following such communications, we submitted to the NMPA the registration application for VitaFlow™ in January 2018 and obtained the marketing approval in July 2019.

Other than the above, we have not had any material regulatory communications with the NMPA for VitaFlow™, and we are not aware of any material concern from the NMPA in connection with VitaFlow™. As of the Latest Practicable Date, no material adverse change had occurred with respect to our marketing approval for VitaFlow™.

WE CANNOT GUARANTEE YOU THAT WE CAN SUCCESSFULLY MARKET VITAFLOW™ PRODUCT OVERSEAS ON A TIMELY MANNER, IF AT ALL.

VitaFlow™ II—Our Core Product

VitaFlow™ II is our second-generation TAVI product. The key upgrade is that the delivery system of VitaFlow™ II is equipped with a retrievable function. We have completed a Registration Clinical Trial in relation to VitaFlow™ II and submitted the registration application for VitaFlow™ II to the NMPA in October 2020. The application was accepted by the NMPA in November 2020 and is currently under review. We currently expect we will complete the registration of VitaFlow™ II in China by the end of 2021. In addition, we are conducting a pivotal clinical trial in relation to VitaFlow™ II in Europe. As of the Latest Practicable Date, we had enrolled 20 patients for such clinical trial in Europe. According to Frost & Sullivan, VitaFlow™ II was the only TAVI product developed in China that had commenced clinical trial in Europe as of the Latest Practicable Date. For the years ended December 31, 2018 and 2019 and the seven months ended July 31, 2019 and 2020, the research and development expenditures (including capitalized development costs and research and development costs recognized in profit or loss) incurred for VitaFlow™ II, our Core Product, were RMB46.1 million, RMB52.9 million, RMB40.8 million and RMB15.7 million, respectively, accounting for 41.6%, 40.5%, 50.1% and 31.0% of our total research and development expenditures, respectively, during the same period.

Product Structure and Operational Procedure

Similar to VitaFlow™, VitaFlow™ II consists of a PAV, a motorized and retrievable delivery system and certain procedural accessory. The PAV adopts the same design with VitaFlow™. The key upgrade lies in the delivery system, where the capsule of VitaFlow™ II includes a distal flare, enabling the physician to retrieve the PAV if it is not placed accurately at the designated position provided the deployment does not exceed 75% of the maximal deployment range. The retrievable function will help increase the accuracy of positioning the PAV, which will further improve the overall success rate of the TAVI procedure. VitaFlow™ II also includes our first-generation tip-

preshaped super stiff guidewire as part of its offering. The tip-preshaped super-stiff guidewire will feature high guidewire rail support and smooth transition, in order to reduce the risks of vascular damage or ventricular perforation. The tip-preshaped super stiff guidewire will only be registered and offered as part of VitaFlow™ II and will not be registered as a standalone product in China.

The operational procedure of VitaFlow™ II is similar to VitaFlow™. If the deployment of PAV has not exceeded 75% of the maximal deployment range, the physician may recapture the valve into the capsule by simply pressing the "retrieve" button on the motorized handle. A manual handle for retrieval is also available as a backup option. The physician may retrieve for up to three times.

Clinical Trial

We have completed the Registration Clinical Trial in relation to VitaFlow™ II in China. We are also conducting a pivotal clinical trial in Europe for the application of CE Mark. As of the Latest Practicable Date, we had enrolled 20 patients and completed TAVI procedures on all of them. We plan to submit the application for CE Mark registration in 2021, which will be partially supported by the clinical data from the Registration Clinical Trial in China.

Overview of the Registration Clinical Trial in China

From January 2018 to March 2019, 60 patients were enrolled in the Registration Clinical Trial and we performed TAVI procedure on all of them. The Registration Clinical Trial in relation to VitaFlow™ II is a prospective, multi-center and single-arm clinical trial in China, aiming to assess the safety and efficacy of VitaFlow™ II. The NMPA had confirmed that they had no objection if we applied for the marketing approval of VitaFlow™ II based on the clinical trial outcome from the Registration Clinical Trial. The primary endpoint of the Registration Clinical Trial is the all-cause mortality rate at 30 days after implantation. The endpoint is self-reported by each trial site and then adjudicated by a clinical endpoint committee of the lead research institution.

The Registration Clinical Trial is conducted at 13 clinical trial sites, with Zhongshan Hospital of Fudan University as the leading research institution. In October 2020, we submitted the registration application for VitaFlow™ II to the NMPA, which was supported by the Registration Clinical Trial results. In November 2020, registration application was accepted by the NMPA and is currently under review.

Study Protocol and Design of the Registration Clinical Trial

Set forth below are the patient inclusion criteria for the Registration Clinical Trial in relation to VitaFlow™ II in China.

- the age of the patient is 70 years old or above;
- the patient is diagnosed with severe native aortic stenosis;
- the patient is classified as class II or above under the NYHA Classification;
- the patient has a life expectancy of at least 12 months after implantation;
- the patient is deemed to be anatomically eligible for TAVI procedures; and

- the patient is prohibitive or considered to have a high surgical risk for SAVR by a least two cardiothoracic surgeons

Safety Results

During the 30-day follow-up period, none of the patients experienced a major stroke and there were three mortality cases observed. As reviewed and adjudicated by the clinical endpoints committee, none of the mortality cases were related to the function of VitaFlow™ II. The following table summarizes the key safety results we obtained from the Registration Clinical Trial.

Clinical endpoints	**30 days (N=60)**
All-cause mortality	5.0%(3)
Disabling stroke	0.0%(0)
Major vascular complication	1.8%(1)

Efficacy Results[1]

VitaFlow™ II adopts the same design with VitaFlow™, except for the retrievable function of the delivery system. We have observed a 100% success rate in relation to the retrievable function, as well as a 100% device success rate. In addition, we had also observed a significant improvement in patients' cardiac function, measured by the NYHA Classification. Prior to the TAVI implantation, none of the patients were classified as class I and only 18.3% of the patients were classified as class II under the NYHA Classification, which significantly improved to 19.3% and 68.4% at 30-day follow-up evaluation, respectively. The following table illustrates the class status of our patients under NYHA Classification at the follow-up time indicated.

NYHA Classification	**Pre-procedure (N=60)**	**Discharge (N=58)**	**30 days (N=57)**
Class I	0.0%	0.0%	19.3%
Class II	18.3%	34.5%	68.4%
Class III	35.0%	41.4%	12.3%
Class IV	46.7%	24.1%	0.0%

Clinical Trial in Europe

We are in the process of conducting a prospective and single-arm pivotal clinical trial in Europe, evaluating safety, performance and efficacy of VitaFlow™ II. According to Frost & Sullivan, VitaFlow™ II was the only TAVI product developed in China that had commenced clinical trial in Europe as of the Latest Practicable Date.

We intend to enroll 258 patients and we had enrolled 20 patients and performed TAVI procedures on all of them as of the Latest Practicable Date. As an industrial norm, the EMA will take into consideration the clinical trial data obtained in other countries that are obtained in clinical trials accordance with international guidelines as supporting data for CE Mark registration. In general, the patient inclusion criteria are similar to that of the Registration Clinical Trial, with modification to reflect indications for TAVI procedures and regulatory requirements in Europe. The primary endpoint is the all-cause mortality rate at 12 months after implantation. Secondary endpoints mainly include the successful recapture rate for the retrievable function of the delivery system, rate of stroke, new

[1] All efficacy data presented below are based on number of patients who survived at the follow-up time.

pacemaker implantation, coronary obstruction, vascular complication, PVL, valve performance and changes in physical function and quality of life.

Market Opportunity and Competition

According to Frost & Sullivan, in China there were not yet any commercialized domestically-developed second-generation TAVI product candidates and VitaFlow™ II was one of the only three second-generation TAVI product candidates under or beyond clinical trial stage in China. Most of the first-generation TAVI products only provide basic functions whereas second-generation TAVI products generally include upgrade functions, such as the retrievable delivery system. We believe VitaFlow™ II will be a competitive product in the market, considering our unique design adopted from VitaFlow™ as well as the new retrievable function.

In 2019, over 80% of the global TAVI procedures were completed in developed countries. In 2019, there were approximately 66,800 TAVI procedures performed in the U.S., approximately 6,800 TAVI procedures performed in Japan and approximately 52,100 performed in other developed countries. Among these countries, developed countries in Europe present significant opportunities for foreign medical device companies as these countries are regulated under the same EMA-administered regulatory framework where medical devices bearing the CE Mark can be marketed in these countries. In addition, foreign medical device manufacturers may use clinical trial data obtained in clinical trials that comply with the international standards to support the CE Mark application, which makes the registration pathway more efficient and cost-effective.

In addition, TAVI markets in developing countries are still under-penetrated but have high potential for future growth. In general, these countries do not require additional domestic clinical trials for medical devices that have already obtained marketing approval from other developed countries or regions (such as the FDA approval and the CE Mark) and/or its country of origins. In 2019, there were approximately 20,400 TAVI procedures performed in developing countries excluding China, which is expected to grow at a CAGR of 22.5% to approximately 68,700 in 2025.

As of the Latest Practicable Date, there were over ten TAVI products that obtained CE Mark. Currently, commercialized TAVI products in Europe are mainly manufactured by international medical device companies, such as Edwards Lifesciences, Medtronic, Boston Scientific and Abbott. According to Frost & Sullivan, VitaFlow™ II was the only product with a motorized delivery system and the only TAVI product developed in China among all the TAVI products under clinical trial or commercialization in Europe as of the Latest Practicable Date. The following table illustrated major TAVI products under clinical trial or commercialization in Europe as of the Latest Practicable Date.

	Edwards Lifesciences				Medtronic			Boston Scientific	Abbott	bluesail	BIOTRONIK	MicroPort	
Product	**SAPIEN**	**SAPIEN XT**	**SAPIEN 3**	**SAPIEN 3 Ultra**	**Core Valve**	**Evolut R**	**Evolut Pro**	**Lotus Edge**	**ACURATE neo**	**Portico**	**Allegra**	**Biovalve**	**VitaFlow™ II**
													
Stage	**Commercialized**											Clinical Trial	Clinical Trial
Approval Time (CE Mark)	2007	2010	2014	2018	2011	2014	2017	2016	2014	2012	2017	-	-
Expanding Mechanism[1]	BE	BE	BE	BE	SE	SE	SE	ME	SE	SE	SE	SE	SE
Leaflet Material[2]	BP	BP	BP	BP	PP	PP	PP	BP	PP	BP	BP	PP	BP
Vascular Approach[3]	TF/TA	TF/TA	TF/TA	TF	TF	TF	TF	TF	TF/TA	TF	TF	TF	TF
Retrievability	-	-	-	-	-	+	+	+	-	+	+	-	+
Motorized Handle	-	-	-	-	-	-	-	-	-	-	-	-	+

Notes:

1. BE refers to balloon-expandable mechanism. SE refers to self-expanding mechanism. ME refers to mechanically-expanding mechanism.
2. BP refers to bovine pericardium. PP refers to porcine pericardium.
3. TF refers to transfemoral approach. TA refers to transapical approach.

For details, see "Industry Overview."

Development plan

We commenced the feasibility study of VitaFlow™ II in May 2015. In January 2018, we commenced the Registration Clinical Trial for VitaFlow™ II. We completed TAVI implantation on all the patients enrolled in the Registration Clinical Trial in March 2019 and completed the 30-day follow-up evaluation in April 2019. In October 2020, we submitted the registration application for VitaFlow™ II to the NMPA, which was supported by the Registration Clinical Trial results. The registration application was accepted by the NMPA in November 2020 and is currently under review. We currently expect we will complete the registration of VitaFlow™ II in China by the end of 2021. We will complete a five-year follow-up study on the patients enrolled in the Registration Clinical Trial to demonstrate the long-term safety and efficacy of VitaFlow™ II, support our future academic promotion activities and benefit our R&D of next-generation TAVI product.

As of the Latest Practicable Date, we were in the process of conducting the pivotal clinical trial in relation to VitaFlow™ II in Europe for CE Mark registration. As the CE Mark application for VitaFlow™ II will be based on the 12- month follow-up evaluations of the Registration Clinical Trial

in China and the data we will obtain from the planned clinical trial in Europe, we plan to submit the application for CE Mark by the end of 2021. We also plan to register VitaFlow™ II primarily in countries that recognize the NMPA marketing approval or the CE Mark, such as Argentina, Brazil, India, South Korea, Thailand and Russia, among others, provided we successfully obtained marketing approval from NMPA and/or the CE Mark.

Material Communications with NMPA and EMA

We commenced the Initial Clinical Trial for VitaFlow™ II in China in January 2018. VitaFlow™ II has been recognized as an innovative medical device by the NMPA in December 2018 and is eligible for an expedited approval process. In December 2019, we had a face-to-face conference with the NMPA to discuss the regulatory pathway of VitaFlow™ II and the applicable clinical trial data to be submitted for product registration. The NMPA confirmed that they had no objection if we applied for the marketing approval of VitaFlow™ II based on clinical trial outcome from the Registration Clinical Trial.

We submitted the application for the pivotal clinical trial in Europe in June 2018 and commenced the pivotal clinical trial in December 2018. We had several rounds of discussion with the notified body, which is administered by the EMA in Europe before the clinical trial commenced with respect to the clinical trial design and we had no material difficulty in addressing their comments during such communications.

Other than the above, we have not had any material regulatory communications with the NMPA or the EMA for VitaFlow™ II, and we are not aware of any material concern from the NMPA or the EMA in connection with VitaFlow™ II.

WE CANNOT GUARANTEE YOU THAT WE CAN SUCCESSFULLY DEVELOP AND MARKET VITAFLOW™ II IN CHINA AND OVERSEAS ON A TIMELY MANNER, IF AT ALL.

Other TAVI Products

As of the Latest Practicable Date, we were designing our third-generation self-expanding TAVI products, which will make further improvements to the prosthetic aortic valves of VitaFlow™ and VitaFlow™ II. In addition to the innovative features of VitaFlow™ and VitaFlow™ II, the prosthetic aortic valve of our third generation self-expandable TAVI product will adopt a novel design of the valve with our self-developed upgraded anti-calcification technology. The frame of the prosthetic aortic valve will also reserve space for future coronary intervention.

The third-generation self-expandable TAVI product is designed to benefit larger patient group, especially those with low to intermediate surgical risks. All of the upgraded features will enhance the durability of the prosthetic aortic valve, as a result making is more suitable for those patients. Although as of the Latest Practicable Date, TAVI treatment was only approved for patients who were not suitable for surgeries and patients with high surgical risks in China, it is expected that TAVI procedures will be approved for patients with low to intermediate surgical risks in China in the future, according to Frost & Sullivan, which is also in line with the trend in the United States.

In order to expand our product portfolio and to tap into the balloon-expandable TAVI product market, we are also in the process of designing our first balloon-expandable TAVI product. Our first

balloon-expandable TAVI product will also adopt the self-developed upgraded anti-calcification technology. To date, there is only one balloon-expandable TAVI product under commercialization stage in China, namely the SAPIEN 3 of Edwards Lifesciences, which received its NMPA marketing approval in June 2020.

For more information on the opportunity and competitive landscape in the TAVI market, see "Industry Overview" and "—Our Product Portfolio—Aortic Valve Products" for details,

WE CANNOT GUARANTEE YOU THAT WE CAN SUCCESSFULLY DEVELOP AND MARKET OUR THIRD-GENERATION TAVI PRODUCT OR OUR FIRST BALLOON-EXPANDABLE PRODUCT IN CHINA AND OVERSEAS ON A TIMELY MANNER, IF AT ALL.

Mitral Valve Product

According to Frost & Sullivan, mitral valve disease is one of the most prevalent heart valve diseases. Mitral regurgitation, being the most common type of mitral valve disease, is the most prevalent among all valvular heart diseases, representing 45.4% of all the patients suffering from valvular heart diseases in 2019. Mitral valve replacement or repair performed with extracorporeal circulation in open-chest surgery is the standard treatment for severe mitral regurgitation. Most of the TMV technologies focus on placement and fixation in the native mitral annulus and left ventricle, which is likely to cause an obstruction on the left ventricular outflow tract, impair function of the left ventricle and lead to device embolization. Currently, global TMV market is still in a relatively early stage with only six approved TMV repair and one approved TMV replacement product globally. As of the same date, only one TMV repair product had been approved by the NMPA. We believe the unmet medical demands provide room for TAVI players to mimic experience and clinical trial experiences on the TAVI market to tackle mitral regurgitation.

We are strategically positioned in the TMV market with robust pipeline mitral valve products, covering TMV repair and TMV replacement targeting mitral regurgitation. As of the Latest Practicable Date, we had five ongoing preclinical trial pipeline products, covering all mainstream viable TVT treatment options for mitral regurgitation

TMV Repair

- Amend

We invested in and collaborated with ValCare, a medical device company organized in the U.S. with an Israeli subsidiary on a TMV repair pipeline product—Amend. As of the Latest Practicable Date, Amend was undergoing a feasibility study on human beings and had completed the first phase of its first-in-human MRCT in Israel and Europe. The purpose of the first-in-human MRCT is to evaluate the product safety and efficacy on human bodies and to obtain data for the initiation of clinical trials. Amend adopts an innovative semi-rigid, D-shaped ring with unique anchoring capabilities that emulates the current annuloplasty rings used in open-chest surgeries, which will be delivered via a catheter into the mitral annulus in a minimally-invasive procedure. Amend will maintain the original mitral valve's structural integrity, and as a result improves its long-term performance. The design of the ring also makes Amend compatible with various delivery approaches, including transseptal or transapical approach. We have recently entered into a Master Distribution Agreement with ValCare

under which, subject to and pending upon the execution of a mutually agreed upon agreement for the territory of China and certain other preconditions set forth in the Master Distribution Agreement, we shall be granted with exclusive distribution rights in relation to Amend in China. For details, see "—Collaboration with Third Parties."

- *In-house developed TMV repair product*

We are currently conducting an early-stage design of edge to edge TMV repair product, which will adopt a transseptal approach.

TMV Replacement

- Corona

We are also collaborating with ValCare in relation to a TMV replacement product—Corona. As of the Latest Practicable Date, Corona was undergoing animal studies. The purpose of the animal studies is to verify the product design and to obtain preliminary safety and efficacy data. Corona is specifically designed to fit inside the Amend D-shaped repair ring. Corona and Amend together provide a valve-in-ring solution for patients that are ineligible for TMV repair and Corona can either be implanted alongside Amend or at a later stage after TMV repair is performed using Amend. The unique four-leaflet valve of Corona is also designed to improve its cooptation and sealing efficacy. We have recently entered into a Master Distribution Agreement with ValCare under which, subject to and pending upon the execution of a mutually agreed upon agreement for the territory of China and certain other preconditions set forth in the Master Distribution Agreement, we shall be granted with exclusive distribution rights in relation to Corona in China. For details, see "—Collaboration with Third Parties."

- AltaValve

We invested in 4C Medical, which is developing an innovative TMV replacement medical device, AltaValve. As of the Latest Practicable Date, AltaValve was undergoing an early human feasibility study. The purpose of the early-stage human feasibility study is to obtain preliminary product safety and efficacy data on human bodies. AltaValve's supra-annular fit and atrial-only fixation are designed to overcome the concerns of anchoring and fixation difficulties present in existing TMV technologies. Further, AltaValve leaves the left ventricle the geometry intact and therefore reduces the risks of LVOT obstruction and damage. AltaValve can be implanted through transseptal or transapical approach, which is suitable for the vast majority of patients suffering from mitral regurgitation. We enjoy the exclusive distribution rights in relation to AltaValve and manufacturing rights in relation to the delivery system of AltaValve in China. For details, see "—Collaboration with Third Parties."

- *In-house developed TMV replacement product*

We are conducting animal studies on our in-house developed TMV replacement pipeline product. Our unique design of this product is expected to reduce the risks of LVOT obstruction and damage while preserving the ventricle function. The pipeline product has a thin diameter of 32 Fr, which has the potential to cause less vascular damage during delivery. As of the Latest Practicable Date, we had observed positive results during a three-month follow-up animal study.

Market Opportunity and Competition

For patients with severe mitral regurgitation, the current standard treatment is mitral valve replacement or repair with extracorporeal circulation through open-chest surgery. TMV repair and TMV replacement have emerged as two potential alternative treatment options for severe MR in patients with prohibitive or high surgical risks. However, treatments for mitral valve disease have several inherent biomechanical challenges, including the complexity of mitral valve diseases, the position and structure of mitral valve, the stringent requirements of the stent, the saddled shape of the mitral annulus and the proneness to structural damage. Currently, most of the TMV technologies focus on placement and fixation in the native mitral annulus and left ventricle, which is likely to cause obstruction on the LVOT, impair function of the left ventricle and lead to device embolization.

According to Frost & Sullivan, the TMV market is still at an early stage with significant growth potential. Global TMV market is expected to reach US$17.4 billion (or RMB117.0 billion) by 2030 and eventually grow to three or four times of the global TAVI market. As of the Latest Practicable Date, there were only seven TMV repair or replacement products that had received FDA approval, CE Mark or the NMPA approval, including six TMV repair products and one TMV replacement products. MitraClip, which was approved by the NMPA in June 2020, was the only TMV product that has been approved in the United States, Europe and China. In January 2020, Tendyne TMV replacement product was approved by the EMA, becoming the first TMV replacement product worldwide that obtained marketing approval. As of the Latest Practicable Date, there was only one TMV repair product, namely ValveClamp by Hanyu Medical that had commenced clinical trial in China. The following chart illustrates commercialized TMV repair/replacement products worldwide as of the Latest Practicable Date.

Transcatheter Mitral Valve Repair and Replacement Products

Product	Tendyne	MitraClip	CARILLON Mitral Contour System	NeoChord DS1000	Cardioband	PASCAL	MPAS Implant
							
FDA Approval	—	2013	—	—	—	—	—
CE Mark	2020	2008	2009	2013	2015	2019	2016
NMPA Approval	—	2020	—	—	—	—	—
Approach	Replacement (High or Extreme risk)	Edge to Edge Repair	Indirect Annuloplasty	Chordal Repair	Direct Annuloplasty	Edge to Edge Repair	Direct Annuloplasty
Access	Transapical	Transfemoral & Transseptal	Right internal jugular vein	Transapical	Transfemoral & Transseptal	Transfemoral & Transseptal	Transfemoral

WE CANNOT GUARANTEE YOU THAT WE CAN SUCCESSFULLY DEVELOP AND MARKET OUR MITRAL VALVE PRODUCT IN CHINA ON A TIMELY MANNER, IF AT ALL.

Tricuspid Valve Products

Tricuspid valve disease mainly consists of tricuspid regurgitation ("TR") and tricuspid stenosis. TR is the inability of the tricuspid valve to close completely that causes blood to flow from the right ventricle to the right atrium during systole. The prevalence of TR globally had reached 49.6 million in

2019, with a CAGR of 2.1% from 2015 to 2019, and is estimated to reach 55.9 million patients in 2025. The prevalence of TR in China had reached 9.1 million in 2019 and is estimated to grow to 9.9 million in 2025. However, due to the difficulties in developing effective treatments and challenges in performing surgeries for tricuspid valve disease, to date there are only three commercialized TTV repair products in Europe, none of which had been approved in the U.S. or China.

We are collaborating with ValCare on a TTVR product, Trivid, to tack tricuspid valve diseases. As of the Latest Practicable Date, Trivid was undergoing early-stage design. We have recently entered into a Master Distribution Agreement with ValCare under which, subject to and pending upon the execution of a mutually agreed upon agreement for the territory of China and certain other preconditions set forth in the Master Distribution Agreement, we shall be granted with exclusive distribution rights in relation to Trivid in China. For details, see "—Collaboration with Third Parties." In addition, we are also conducting early-stage design of our in-house developed edge to edge repair TTV product.

WE CANNOT GUARANTEE YOU THAT WE CAN SUCCESSFULLY DEVELOP AND MARKET OUR TRICUSPID VALVE PRODUCT IN CHINA ON A TIMELY MANNER, IF AT ALL.

Procedural Accessories and Surgical Valve

Our product portfolio also includes several in-house developed procedural accessories which are compatible with our TAVI products. As of the Latest Practicable Date, we had successfully launched our first-generation Alwide™ balloon catheter and Alpass™ catheter sheath as part of our VitaFlow™ offering and we had submitted the registration material for our second-generation Alwide™ balloon catheter to the NMPA, which was accepted by the NMPA and is currently under their review. We are also in the process of designing or verifying other procedural accessory pipeline products. Our procedural accessories can help physicians handle the challenges in performing TAVI procedures and therefore we believe has the potential to shorten the learning curve for TAVI procedures for our TAVI products, and can improve the safety and accessibility of TAVI procedures using our products. According to Frost & Sullivan, we are the only medical device company in China that has a comprehensive offering in-house developed complementary TAVI procedural accessories.

Launched Procedural Accessories

As part of the VitaFlow™ offerings, we launched our first-generation balloon catheter (Alwide™) and catheter sheath (Alpass™) in China in August 2019. These procedural accessories are registered and offered as part of VitaFlow™ and are not registered as standalone products in China. During the Track Record Period, all of our procedural accessories were sold as part of VitaFlow™ and were used during the implantation of VitaFlow™. For details, see "—Aortic Valve Products—VitaFlow™—Our Key Product—Product Structure—Procedural accessories."

Pipeline Procedural Accessories and Surgical Valve

As of the Latest Practicable Date, we had certain procedural accessories and one surgical replacement product at different stages of development. As we had observed the significant market demands for procedural accessories including balloon catheter and catheter sheath, we intend to develop and register our pipeline procedural accessories as separate products to further expand our

product portfolio. Our second-generation Alwide™ balloon catheter is currently under review by the NMPA for product registration. The second-generation Alwide™ balloon catheter is designed to provide improved compliance ability and burst pressure. Under the current PRC regulatory regime, the expandable sheath is exempted from the clinical trial requirement in China and we also plan to apply for exemption from clinical trial for our future generation balloon catheter products. We plan to submit the registration material for our second-generation Alpass™ catheter sheath to the NMPA by the end of 2021. We also have one surgical replacement product under early-stage development. After our procedural accessories and surgical replacement product receive the NMPA approval, we also plan to apply for CE Marks for these products. The table below illustrates the key features and stage of development of our pipeline procedural accessories and surgical replacement product as of the Latest Practicable Date.

Product	Stage of Development	Key features/upgrades
Second-generation Alwide™ balloon catheter	Registration	Improved compliance ability and burst pressure.
Third-generation Alwide™ balloon catheter	Verification	The capability of being fixed to the valve annulus to burst severe calcification during TAVI procedure
Second-generation Alpass™ catheter sheath	Verification	Improved lubricity with various models available
Expandable sheath	Design	Reducing access complications
Embolic protection device	Design	Designed to protect the brain during TAVI procedures
Surgical replacement product	Design	The surgical replacement product will adopt the new anti-calcification technology and a more durable valve design.

WE CANNOT GUARANTEE YOU THAT WE CAN SUCCESSFULLY DEVELOP AND MARKET OUR PROCEDURAL ACCESSORIES AND SURGICAL VALVE IN CHINA ON A TIMELY MANNER, IF AT ALL.

OUR PLATFORM

Since our inception, we have developed a medical device platform focusing on valvular heart disease, which lays the foundation for our research and development, clinical trial and manufacturing. Our platform has enabled us to achieve synergy in the research, development, clinical trial and manufacturing in accordance with our stringent quality management system. For example, members of our manufacturing team are involved at the verification stage of product development to ensure a smooth transition from clinical trials to commercial manufacturing and members from our clinical trial team are involved in the early-stage R&D to ensure that the product design addresses the potential regulatory focus and concerns in the clinical trial stage. Feedbacks we gathered from clinical trials are also reported to the R&D team for product upgrading.

In-house Research & Development

R&D Team and Advisory Board

R&D is crucial to our growth. We have built a core R&D team with key technology expertise in areas including, among others, biological material, suturing technique, structure design and processing

technique. Our R&D team is led by Mr. Chen Guoming, who has been in charge of our R&D activities since we were at incubation stage and has been leading the R&D of our TAVI products, VitaFlow™ and VitaFlow™ II, as well as other pipeline products. As of the Latest Practicable Date, our R&D team had approximately 50 team members, approximately two-thirds of whom possess a master's or higher degree in relevant fields and approximately one-third of whom had overseas education background with bachelor's or higher degree. All of our in-house R&D team members are based in Shanghai.

As of the Latest Practicable Date, we had signed up with three globally well-known researchers and practitioners as members of our international scientific advisory board. Our international scientific advisory board has provided insights, guidance and recommendations for our R&D team. From time to time, we hold meetings with these advisors to discuss the R&D progress of our pipeline products as well as the latest market trends in valvular heart disease treatment. As of the Latest Practicable Date, we were not aware of any conflict of interest between any member of our international scientific advisory board and us. Certain information about the members of our advisory board are set out below:

- ***Dr. Nicolo Piazza***. Dr. Piazza is an assistant professor in the Cardiology Division and Attending at McGill University Health Center. Dr. Piazza's clinical and research activities focus on valvular heart disease with particular interests in aortic and mitral valve diseases. Dr. Piazza also served as director roles amongst several major international healthcare conferences on valvular heart diseases, including Transcatheter Valve Theraputics, PCR London Valves, PCR Asia/Chengdu Valves and Heart Valve Society Meeting.

- ***Dr. Thomas Modine***. Dr. Modine serves at the department of pulmonary and cardiovascular medicine at Lille University Hospital in quality of hospital practitioner and is a consultant professor at Shanghai Jiaotong University. His research interests are in aortic valve complex, bioengineering, beating heart surgery, hybrid approaches, and TAVI and TMV repair/replacement technologies.

- ***Dr. Darren Mylotte***. Dr. Mylotte is a cardiologist at Galway University Hospital in Ireland. Dr. Mylotte completed an Irish cardiology specialist training and completed a Ph.D. thesis on TAVI at Thorax Center in the Netherlands. He has an extensive publication record in interventional cardiology and has co-authored several cardiology textbooks. He is a fellow of the European Society of Cardiology. Dr. Mylotte is a member of the editorial board of Euro Intervention and a reviewer for several high-impact cardiology journals.

In 2018 and 2019 and the seven months ended July 31, 2020, our research and development costs were RMB44.7 million, RMB96.7 million and RMB38.2 million, respectively. We expect that our research and development costs will increase in line with the increased level of research and development activities of our pipeline products in the future.

Product Design and Preclinical Development

Product Design

Our R&D team is divided into three R&D groups, namely the frame group, the valve group and the delivery system group. Each group focuses on the research and development of new technology

and materials related to that group that has the potential to be applied to our product portfolio. For the design and development of a pipeline product, we established a project team which consist of members from each R&D group. The project team will hold regular meetings to discuss R&D progress in each group, the latest market trends as well as detailed analysis of similar products manufactured by our competitors. We believe this working mechanism enables each R&D group to closely follow and meet our in-house R&D needs as well as the market trends while separately focus on the R&D of their respective fields. Through this working mechanism, we have been able to develop innovative designs for each of the valve tissue, PET skirt, frame and handle in VitaFlow™.

The design and development of our pipeline products typically involve four phases: design planning, design realization, design evaluation and design verification. We commence manufacturing only after the process goes beyond the design verification stage.

- ***Design planning.*** We first analyze market trends, regulatory requirements and existing products or products in related therapeutic areas and formulate a preliminary product protocol. The product protocol addresses the clinical demands of physicians, taking into consideration of clinical trial feasibility and potential feasibility.

- ***Design realization.*** We transform the product protocol into engineering requirements by using our internal manual and then develop the components according to the engineering requirements. The ultimate goal at this stage is to realize the assembled product with the desired function and performance.

- ***Design evaluation.*** After design planning, we conduct an internal design evaluation to evaluate the safety and efficacy of the sample product and to ensure the product design satisfies the applicable regulatory requirements.

- ***Design verification.*** At the design verification stage, the quality control department conducts several verification tests, covering safety, efficacy, function, operability and reliability of the pipeline product. Only pipeline products that can pass the design verification can proceed with clinical trials.

Preclinical Animal Studies

To evaluate the functions safety and efficacy of our product and pipeline products in a cost-effective way with controllable risk exposures, we typically perform a preclinical animal study before our products reaching clinical trial stage. We collaborate with third parties, including our Controlling Shareholder, to conduct animal studies. See "Connected Transactions – Continuing Connected Transactions" for our collaboration with the MicroPort Group in relation to preclinical animal studies.

Before commencing animal studies, we first formulate a detailed animal study protocol which specifies the goals and requirements for animal studies. We then send the protocol to the testing institution to evaluate the feasibility and the cost related to such studies. After the protocol is agreed upon, we prepare the product and the relevant surgery protocol. The testing institution is responsible for the preparation and monitoring of animals during and after performing animal surgeries. We also assembled a team of experienced product engineers, who are capable of performing procedures on animals themselves. As a result, we believe we are well-positioned to identify potential risks and improve our products through animal studies. As of the Latest Practicable Date, we had three experienced product engineer that can independently perform animal surgeries.

Clinical Trials

We have a dedicated clinical operation team responsible for the day-to-day management of the clinical trials of our pipeline products. Our regulatory affair and clinical trial department are responsible for the clinical trial design, preparation of the necessary documents, selection of qualified clinical trial sites and the monitoring of clinical trials to ensure that clinical trials comply with the clinical trial protocol and GCP.

We normally select 10-20 trial sites for each clinical trial. We require clinical trial sites to be registered with the NMPA. We evaluate the number of valvular heart disease patients, the research experiences of the hospitals and the number of clinical trials carried out at the relevant departments of the hospitals to ensure that sufficient resources at trial sites will be allocated to our clinical trials. We only select reputable and experienced physicians as PIs for our clinical trials. The clinical trial for VitaFlow™ took only eleven months from the first patient enrollment to completing TAVI procedures on all the patients, which, according to Frost & Sullivan, is significantly shorter than that of clinical trials of other TAVI products in China.

The leading PI for the clinical trial for VitaFlow™ and VitaFlow™ II in China was Dr. Ge Junbo. Dr. Ge is an academician of the Chinese Academy of Sciences and the chief of cardiology department of Zhongshan Hospital of Fudan University, who performed the first TAVI procedure in China as early as 2010. We keep communication with all the PIs participating the clinical trials, including Dr. Ge, to better understand the clinical performance of our products and to address the issues arising from the clinical trials promptly. We believe their views and advices from clinical perspective are not only valuable for our product registration in China, but also benefit us in the design of upgraded products.

In line with industry practice, during the Track Record Period, we engaged certain industry-leading CROs, to provide certain services in the clinical trials for our TAVI products in China and overseas, including preparing ethical committee application at each hospital, assisting in revising the study protocol and design, managing and monitoring the implementation of clinical trials, collecting and keeping records of patients' information and providing progress or summary reports. In addition, during the Track Record Period, we also engaged certain industry-leading SMOs, who are primarily responsible for assisting researchers to complete certain supporting duties in relation to the ongoing clinical trials, including collecting source data and scheduling patient's follow-up evaluations, among others. We also engaged one clinical statistic center for data collection and data analysis for each clinical trial.

We select our CROs and SMOs based on various factors, including service quality, capability, reputation, cost-effectiveness and research experience in cardiovascular interventional therapy. We normally enter into master service agreements with our CROs or SMOs with a detailed scope of work for each study or trial, establishing specific and detailed metrics on working methods, procedures, standards and timelines to further ensure the quality of the outcomes. We will organize periodic meetings with such CROs and SMOs and ask them to prepare reports from time to time. We monitor the CROs and SMOs to ensure they perform their duties with a standard in line with our protocols and industry benchmark to safeguard the integrity of the data collected from the trials and studies. All the clinical trial results are stored on an online electronic data capture (EDC) system, which is only

accessed by our responsible employees and the employee of the CRO/SMO that is in charge of the clinical trial.

Key terms of our service agreement with CROs and SMOs are summarized below.

- *Services.* CROs and SMOs provide us with services related to clinical trials in certain phases as specified in the agreement or work order.
- *Term.* CROs and SMOs are required to complete the work on a project basis and within the prescribed time limit.
- *Payments.* We are required to make payments to the CROs or SMOs by installments according to milestones of respective services during the clinical trials.
- *Intellectual property rights*. Intellectual property arising from the clinical trials conducted by the CROs or SMOs are exclusively owned by us.
- *Confidentiality.* The CROs and SMOs are required to keep confidential any information, documents, materials or data relating to our products and clinical trials and shall promptly return all of the above upon the expiration of the agreements.
- *Dispute resolution.* In the event of any disputes related to the enforcement of any agreement during the clinical trial, both parties shall negotiate amicably. If an agreement cannot be reached, the parties have the right to sue.

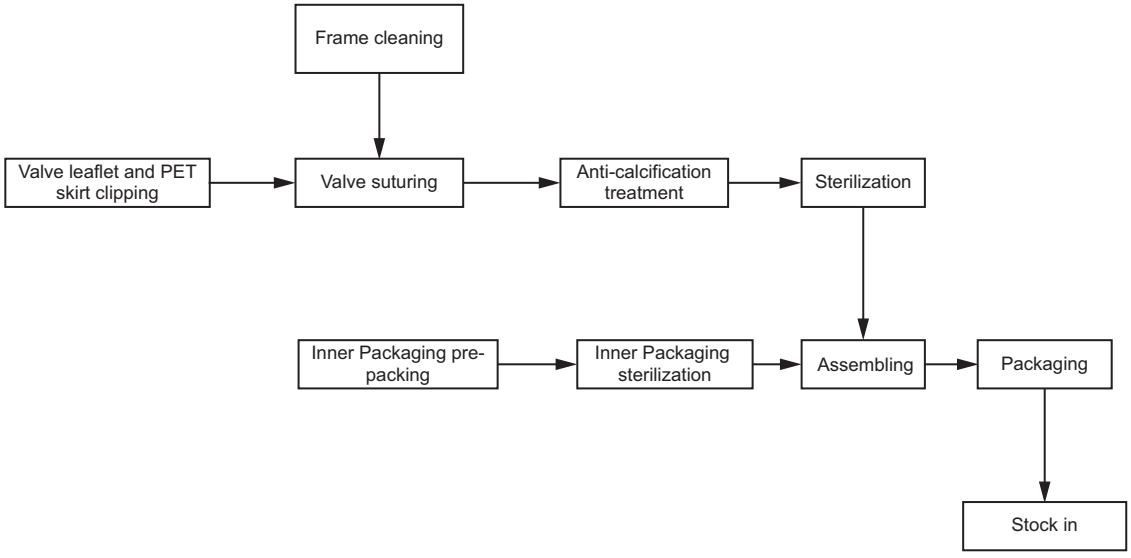
Manufacturing

Production Process

We commenced commercial manufacturing of VitaFlow™ and marketed procedural accessories shortly after we received the NMPA marketing approval in July 2019. Key manufacturing steps, including valve suturing, are performed at a cleanroom that complies with the classification of ISO Class 7 cleanness standards. All of the manufacturing processes are conducted by our in-house manufacture team.

PAV

Set forth below is an illustrative flowchart for the production process of the PAV of VitaFlow™.



The following is a brief description of the key steps in our manufacturing process of PAV.

- ***Valve leaflet and PET skirt clipping***. After cleaning and heating procedures, the valve leaflets and PET skirts will be cut into required shapes and sizes by laser cutting machines.

- ***Valve suturing***. After the nitinol frame is properly cleaned, we commence the suturing process. To address the challenges in suturing bovine pericardium due to its added thickness and the design of the double-layer PET skirt, we adopt a unique suturing technology which enables VitaFlow™ to achieve the thinnest delivery system among our competitors. Suturing must be done manually by experienced technicians as it requires significant know-how in assessing the thickness and hardness of bovine pericardia.

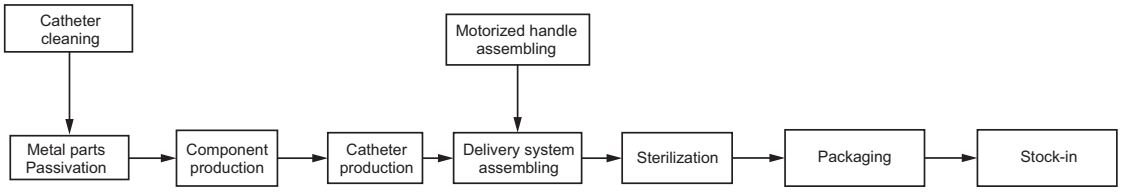
- ***Anti-calcification***. We adopt our in-house developed proprietary "VITAL-X" anti-calcification technology to treat the valve to complete valve anti-calcification.

- ***Sterilization and assembly***. We sterilize the semi-finished PAV with our unique chemical processing technology. Afterwards, we assemble the semi-finished PAV with packaging and accessories.

- ***Quality inspection***. We conduct quality inspections after each key step during the manufacturing process. If any flaw is detected, the semi-finished PAV would be placed to the previous step to be revoked or scrapped, as appropriate. After the product is assembled and packaged, we will conduct a final inspection of the product.

Delivery System

Set forth below is an illustrative flowchart for the production process of the delivery system of VitaFlow™.

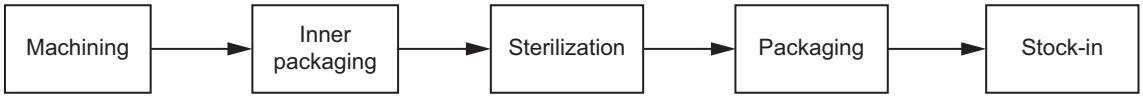


The following is a brief description of the key steps in our manufacturing process of the delivery system:

- ***Component production***. We first clean the catheter and passivate the metal parts, and then use the processed materials to manufacture the key components of the catheter.
- ***Catheter production***. We assemble the components to form the catheter module.
- ***Delivery system assembly***. We assemble the catheter module and the motorized handle, which will form the delivery system.
- ***Sterilization and packaging***. We sterilize the delivery system, label and add an outer package to the sterilized delivery system.
- ***Quality inspection***. We conduct quality inspections for each key step during the manufacturing process. If any flaw is detected, the semi-finished product would be placed to the previous step to be revoked or scrapped, as appropriate.

Procedural Accessories

Set forth below is an illustrative flowchart for the production process of our procedural accessories.



Manufacturing Team

We have built a strong manufacturing team to transit our products from clinical trials to commercial production seamlessly. Our manufacturing team is led by Mr. Fu Xiaokang, who has abundant experience in manufacturing management with us as well as with other international leading medical device companies. As of the Latest Practicable Date, we had over 90 manufacturing personnel. We train our manufacturing personnel to make sure they are skilled in the manufacturing process and techniques and comply with our internal quality control requirements as well as applicable laws and regulations in China. Each manufacturing personnel is required to complete such training and pass the internal assessment before commencing manufacturing seamlessly. Manufacturing prosthetic aortic valves is a complex and demanding process. Suturing the bovine pericardium to the frame, a key step in the manufacturing process, must be done manually by experienced technicians, which currently cannot be replaced by machines as it requires significant know-how in assessing the

thickness and hardness of bovine pericardia. As of July 31, 2020, we had over 30 full-time technicians that are capable of completing the suturing task. We believe our manufacturing team enables us to adjust our production activity quickly to respond to changes in market demand for our products.

Manufacturing Facilities and Production Capacity

As of the Latest Practicable Date, we had two manufacturing facilities in Shanghai in compliance with GMP standard, namely the Nanhui Facility and the Zhangjiang Facility, with a total GFA of approximately 3,863.8 square meters. We lease the Nanhui Facility from an Independent Third Party and the Zhangjiang Facility from the MicroPort Group. For details, see "Connected Transactions." As of the Latest Practicable Date, Zhangjiang Facility was primarily used for research and development of our pipeline products and Nanhui Facility was primarily used for commercial production of VitaFlow™. We also engaged a third party to construct new manufacturing facility in Shanghai with a total GFA of approximately 13,000 square meters. We expect that the new manufacturing facility will commence production in 2022, which will significantly enhance our production capacity.

The following table sets forth the production capacity, actual production volume and utilization rate in relation to the commercial manufacturing of VitaFlow™ during the Track Record Period.

	For the years ended December 31,		For the seven months ended July 31,
	2018	2019	2020
VitaFlow™			
Production capacity[(1)] (units per year)	—	613	1,281
Actual production volume (units)	—	528	808
Utilization rate[(2)] (%)	—	86.2%	63.1%

(1) Production capacity refers to the theoretical maximum units of products that our manufacturing facilities and our manufacturing team can produce during the months that we had been in commercial manufacturing after we obtained the marketing approval of VitaFlow™ in July 2019. Our production capacity is based on the assumption that it takes an average of 14 and 12.5 hours per person to produce one PAV in 2019 and the seven months ended July 31, 2020, respectively; and each person works 44 hours per week and 52 weeks per year. The increase of our production capacity in 2020 was primarily attributable to the increased number of qualified workers for suturing and the fact that we had improved our suturing technology to reduce the hours taken for suturing per person, as valve suturing is the most crucial step in the manufacturing of VitaFlow™.

(2) Utilization rate equals actual production volume divided by production capacity. The utilization rate for the seven months ended July 31, 2020 was lower than that of the year ended December 31, 2019, primarily due to the impact of the COVID-19 pandemic.

The machines we use for manufacturing our products mainly include laser welding machine, and ultrasonic cleaners. We purchase such machinery from reputable suppliers. We have established a comprehensive maintenance system for our machinery. Since the commencement of our manufacturing and up to the Latest Practicable Date, we had not experienced any material or prolonged interruptions of our manufacturing due to equipment or machinery failure.

COLLABORATION WITH THIRD PARTIES

To closely follow the emerging technologies for the treatment of valvular heart disease, in addition to our in-house research and development efforts, we also evaluate the opportunities to collaborate with other medical device companies for in-licensing their products in China. As of the

Latest Practicable Date, we had collaborated with ValCare and 4C Medical in relation to our TMV pipeline products. Through our collaboration with them, we are granted the exclusive distribution rights in China with respect to the three TMV repair/replacement products and one TTV repair products, enabling us to further enrich our product offerings in the significantly untapped TMV and TTV markets in China. For details, see "—Our Product Portfolio."

ValCare

ValCare is a pre-revenue medical device company organized in the U.S. with an Israeli subsidiary, primarily focusing on minimally invasive therapies treating mitral and tricuspid valve diseases. For details, see "History, Development and Corporate Structure—Strategic Investments."

On July 15, 2020, we entered into a master distribution agreement with ValCare, pursuant to which we shall be granted the exclusive right to market and distribute Amend, Corona, and Trivid in mainland China, Hong Kong, Taiwan, India, South Korea, Indonesia, Malaysia, Thailand and Singapore ("**Master Distribution Agreement**"), subject to and pending upon the execution of a mutually agreed upon local agreements for each territory and certain other preconditions set forth in the Master Distribution Agreement. Pursuant to the Master Distribution Agreement, all of the intellectual properties in relation to Amend, Corona and Trivid shall remain the sole and exclusive property of ValCare. Set forth below is the summary of the key terms of the Master Distribution Agreement.

- ***Term***. 15 years.

- ***Product***. Amend, Corona, and Trivid, including upgrades, modifications, alterations or derivatives to these products provided that the key features of these products remain unchanged.

- ***Distribution arrangement***. During the term of the Master Distribution Agreement, subject and pending upon the execution of a mutually agreed upon local agreements for each territory and certain other preconditions set forth in the Master Distribution Agreement, we shall be appointed as the exclusive distributor to distribute the products specified in this agreement in mainland China, Hong Kong, Taiwan, India, South Korea, Indonesia, Malaysia, Thailand and Singapore ("**Territory**"). We may also, at our sole discretion, appoint sub-distributors to distribute such products within any portion of the Territory.

- ***Non-compete***. We agreed that during the term of the Master Distribution Agreement, we will not, directly or indirectly, engage with, represent, work for or provide services to or for the benefit of any business entity or individual for the sale, lease or otherwise provision of products within the Territory that are similar to Amend, Corona and Trivid.

- **Future products**. During the term of the Master Distribution Agreement, if ValCare would like to distribute or sell any other future product in the Territory, ValCare shall notify us in writing with such intent. We then may provide ValCare with an offer for the distribution of such future products and such offer shall only lapse in the event that a definite distribution agreement is not entered into by us and ValCare within six month from the date of the delivery of the aforementioned notice.

- ***China local agreement***. Under the Master Distribution Agreement, ValCare and us are obliged to enter into a mainland China local agreement, pursuant to which we will undertake to commence the NMPA registration process for each of the Amend, Corona and Trivid by no later than the second anniversary of completion of the early feasibility study conducted by ValCare, including commencement of the clinical trials in China in relation to these products. We will also pay ValCare a one-time non-refundable milestone payment upon we commenced the NMPA registration process for *Amend*. In return, ValCare will share with us all necessary documents relating to product design and R&D for the NMPA registration process.

- ***Training***. ValCare will provide up to a mutually agreed number of days for training to our personnel in connection with the marketing, sale and support of Amend, Corona and Trivid. We will bear all training related costs. We also undertake that only trained and certified personnel will have access to these products.

- ***Warranties***. ValCare warrants that the products shall be free from defects in workmanship and materials until the application expiration date. ValCare will be responsible for replacement of defective products covered by this warranty unless such defect was as a result of improper handling, shipment, storage or use.

- ***Intellectual property***. All of the intellectual properties in relation to Amend, Corona and Trivid shall remain the sole and exclusive property of ValCare. We will be granted by ValCare a non-transferable, non-sublicensable license for the sole purpose of assembly, distribution, marketing and support of these products and existing trademarks for these products in China.

- ***Other jurisdiction rights***. We have the right to cause ValCare to enter into good faith negotiations for local agreements in countries/regions other than mainland China for product registration in such country/region within one months after any of Amend, Corona and Trivid receives the CE Mark or the FDA approval. If, prior to any of the product receiving the CE Mark or the FDA approval, ValCare is approached by a third party wishing to enter into a distribution agreement in any portion of the Territory, we shall have the right to enter into negotiations towards the execution of a local agreement for the specific product in that portion of Territory. Such right shall lapse in the event that a definite distribution agreement is not entered into by us and ValCare within six month from the date of the delivery of the aforementioned notice.

4C Medical

4C Medical is a company incorporated in Delaware and engaged in the research and development of the mitral and tricuspid valve devices in the United States. For details, see "History, Development and Corporate Structure—Strategic Investments—Investment in 4C Medical." In conjunction with our initial investment in 4C Medical, we entered into a distribution and manufacturing agreement with 4C Medical in September 2018, (the "**Distribution and Manufacturing Agreement**") pursuant to which we are granted the exclusive right to distribute AltaValve in mainland China, Hong Kong, Macau and Taiwan. Under the Distribution and Manufacturing Agreement, we may also seek to manufacture the delivery system of AltaValve

(excluding the valve itself), provided it is successfully registered with the NMPA through the locally-manufactured product pathway. Set forth below is the summary of the key terms of the Distribution and Manufacturing Agreement.

- **Term**. Seven years, which will be automatically renewed for a successive term of one year following the expiration of the initial term, subject to termination by 4C Medical upon 90 days notice at the end of the initial term or any renewal term and subject to the termination clause below.
- **Product**. AltaValve human mitral valve replacement medical device product ("**AltaValve**"), including the valve and the delivery system, as well as any upgrades which will generate next and subsequent generation AltaValve product.
- **Product registration**. 4C Medical and we shall make a good faith effort to register AltaValve with the NMPA under the locally-manufactured product pathway, in the event of which AltaValve will be registered under our name. Otherwise, AltaValve will be registered under the name of 4C Medical if the NMPA does not accept the registration under our name and the product shall be registered as an imported product.
- **Clinical trial**. We are responsible for all administrative costs, clinical trials required to obtain the NMPA registration certificate and 4C Medical shall provide all necessary data and documents to support the NMPA pre-approval and post-approval process. Together with 4C Medical, we will commence the process to obtain the NMPA registration certificate (including clinical trials) as soon as possible, but in no event shall the enrollment of the first mitral valve disease patient in the China clinical trial commence earlier than the date on which 4C Medical has obtained both FDA and PMDA registration certificate for AltaValve.
- **Manufacturing arrangement**. We may, upon written notice to 4C Medical, seek to manufacture the delivery system of AltaValve (excluding the valve itself) following the successful registration of AltaValve through the locally-manufactured product pathway.
- **Distribution arrangement**. We are appointed as the exclusive distributor to market, promote, distribute and sell AltaValve in mainland China, Hong Kong, Macau and Taiwan, and 4C Medical shall not, directly or indirectly, supply AltaValve to any other party within such territory during the term of the Distribution and Manufacturing Agreement. We may at our sole discretion, engage sub-distributors to market, promote, distribute and sell the product in such territory.
- **Training**. Once AltaValve is registered with the NMPA, we may request 4C Medical, at its cost and expenses to provide up to five days of initial on-site training for us, which shall be materially comparable with the standard 4C Medical supply to its employees and clinician customers in the U.S. The training shall cover the operation, function, use, frequently asked questions and troubleshooting of AltaValve. We may request 4C Medical to provide additional training at our cost and expense after such initial training.
- **Purchase price and annual minimum volume**. The purchase price and annual minimum volume shall be determined within 90 days prior to the date of registration of AltaValve at the NMPA. Payment shall be made within 60 days after receipt of the product.

- **Adverse event**. In the event that there is any adverse event caused by AltaValve, we will immediately notify 4C Medical and upon our request, 4C Medical will give us reasonable assistance to deal with such events, including providing professional advice, preparing and providing test reports, data, results or any other documents and costs incurred by us in relation to such events shall be borne by 4C Medical. 4C Medical shall be responsible for the compensation paid to customers in connection with or arisen out of any personal injury or property damage caused by such adverse events to the extent that such adverse events are caused by material defects of AltaValve or 4C Medical's failure to cause the product to meet product specifications.

- **Intellectual property**. 4C Medical shall exclusively enjoy all intellectual property rights in relation to AltaValve and 4C Medical, except that we are granted a non-exclusive, non-transferable and royalty-free right and license to use the trademark, service marks, trade names, logos or other words or symbols identifying AltaValve in the territory during the term of the agreement.

- **Termination**. The Distribution and Manufacturing Agreement can be terminated by either party in the event of (i) bankruptcy of the other party; (ii) material breach by the other party, which has not been remedied within thirty days of the non-breaching party's written request; (iii) force majeure event and (iv) that 4C Medical no longer makes AltaValve available. The agreement can also be terminated by 4C Medical (i) if there is a change of control in Shanghai MicroPort Medical; or (ii) there is a change of control in 4C Medical on or after the second anniversary of the date that AltaValve received the NMPA registration.

- **Non-compete**. We are not subject to non-competition obligations under the Distribution and Manufacturing Agreement.

SALES AND MARKETING

We adopt an academic marketing approach to introducing our products to the market. We also organized extensive promotional activities with KOLs, physicians, hospitals and medical associations to enhance our brand awareness and establish a quality physician base. Our academic marketing and promotion activities primarily include participating in medical conferences and industry exhibitions, holding and assisting hospital seminars and training sessions. We also invite physicians to attend hospital seminars training sessions, or procedure simulations to get them familiarized with our TAVI products and to increase the number of qualified physicians and eligible hospitals for TAVI procedures. As of the Latest Practicable Date, our sales and marketing team had over 40 personnel. Our sales and marketing team was led by Mr. Wu Guojia, who had over six years of experience at the cardiology department of a hospital and over 16 years of experience at leading international cardiovascular medical device companies such as Boston Scientific. For details, see "Directors and Senior Management." We also have a training team within the sales and marketing team, which is responsible for introducing our products and technologies at educational symposia.

We actively participate in medical conferences and industry exhibitions in the cardiac or cardiovascular fields. We believe these activities provide us with great opportunities to introduce our TAVI products to physicians, especially to get them familiarized with our unique designs such as the

bovine pericardium leaflets, the double-layer PET skirt and the motorized delivery system. In 2019, we introduced VitaFlow™ through lectures or case studies seminars at over 11 industry-leading academic conferences, including the PCR-CIT China Chengdu Valves Conference (成都國際心臟瓣膜病介入治療會議), China Valve (Hangzhou) Conference (杭州國際心臟瓣膜病介入治療會議), China Structure Week (中國結構周) and Association of Asia Valvular Heart Disease China Forum (心外科學會亞洲心臟瓣膜病學會中國論壇). During the Track Record Period, we were one of the few Chinese companies that had presented case study at international leading academic conferences, including PCR London and the SOLACI conference (also known as the Latin American Society of Interventional Cardiology). These academic presences enable us to introduce TAVI technology and our product to a wider hospital group.

According to Frost & Sullivan, the TAVI market in China is highly concentrated with respect to hospitals, with the Top 20 TAVI Hospitals playing an important role in the market. It is expected that 73.5% of the TAVI in China will be performed at the Top 20 TAVI Hospitals in 2020. We focus on penetrating these hospitals as the first step of our marketing strategy. In order to gain a higher market share in these hospitals, we maintained interaction and communication with KOLs from these hospitals from time to time. We invite these KOLs to carry out clinical studies for our pipeline products and post-marketing clinical studies. We also provide certain in-sale services during TAVI implantation using VitaFlow™, such as product unpacking and assembly and providing assistance during the TAVI procedure, in order to familiarize physicians with our product and its innovative features. We believe the views and endorsement of these KOLs are valuable to our market penetration and future product upgrade. As of the Latest Practicable Date, we successfully penetrated 18 out of the Top 20 TAVI Hospitals.

Currently, there are strong demands for qualified hospitals with an experienced TAVI operation team to support the growth of China's TAVI market. Supported by our penetration in the Top 20 TAVI Hospitals and presence at industry leading conferences, we believe we are well-positioned to penetrate eligible hospitals for TAVI procedure that lack TAVI experiences. We organize hospital seminars and training sessions at eligible hospitals for TAVI procedures in China. We also invite experienced TAVI practitioners, especially leading physicians in this area to facilitate the training process. As of July 31, 2020, we had organized approximately 90 hospital seminars and training sessions in 24 provinces and over 50 cities in China. With our frequent participation in academic conferences and close interaction with physicians and hospitals, as of the Latest Practicable, TAVI procedures using VitaFlow™ had been performed at over 120 hospitals in China and no incidence of major postoperative complication had been observed.

CUSTOMERS

We currently have one in-house developed commercialized product, VitaFlow™, for which we received the NMPA marketing approval in July 2019. During the Track Record Period, all of our revenues were generated from the sale of VitaFlow™ in China. Going forward, we will gradually expand our sales for VitaFlow™ throughout China. In July 2020 and November 2020, we successfully registered VitaFlow™ in Argentina and Thailand, respectively and we also plan to enter overseas markets that recognize the NMPA marketing approval, such as Thailand and Russia in the next two years. We submitted the registration application for VitaFlow™ II to the NMPA in October 2020, which was accepted in November 2020 and is currently under review. In addition, we plan to apply for

the CE Mark of VitaFlow™ II by the end of 2021. Afterwards, we plan to enter overseas markets that recognize the NMPA marketing approval or the CE Mark, such as Argentina, Brazil, Thailand, South Korea, Russia and India for VitaFlow™ II provided we successfully obtained the relevant marketing approval in China or Europe.

In line with the medical device industry norm, we adopt a distributorship model and we do not sell our products directly to hospitals. During the Track Record Period and up to the Latest Practicable Date, all of our VitaFlow™ products are sold through distributors. As of July 31, 2020, we had 19 distributors. In addition, our distributors may from time to time, engage sub-distributors to assist them, penetrating a broader network of eligible hospitals for TAVI procedures. Under the distribution agreements with our distributors, we require our distributors to seek our written consent before engaging sub-distributors. In 2019 and the seven months ended July 31, 2020, we had six and twelve sub-distributors that had sold VitaFlow™ to hospitals. We adopt the distributorship model primarily because through this model, we are able to expand hospital coverage and promote our products to a larger hospital group in a cost-effective manner, while we focus on research and development activities.

We generally sell our products at ex-factory prices to our distributors in China. We take into account a number of factors in determining our ex-factory prices, which primarily include our costs and expenses, historical procurement amount from the distributor and hospital coverage of the distributor. Currently there is generally no special tender or bidding process or price guidance set on TAVI procedures and related products for enterprises by the PRC government and our sales efforts primarily focus on obtaining provincial settlement code at each provinces in China, which will enable us to sell our products at hospitals in such provinces. As of the Latest Practicable Date, TAVI procedures using VitaFlow™ had been performed at over 145 hospitals, most of which are Class IIIA hospitals located at tier-one and tier-two cities.

In addition, with respect to our overseas strategies, we plan to engage local agent or distributor to assist us to penetrate local markets. We normally select local distributor/agent based on their relevant experiences in the territory, especially whether they have access to eligible hospitals for TAVI procedures. As of the Latest Practicable Date, we had engaged a local distributor in Argentina. Pursuant to the distribution agreement, the local distributor is engaged as our exclusive distributor for VitaFlow™ in Argentina. The local distributor is obliged not to distribute any product similar or equal to VitaFlow™. The agreement also sets out a fixed purchase price and the minimum purchase amount for the distributor. Under the agreement, we will be responsible for product manufacturing and product delivery to Argentina. The local distributor is obliged to, at its own expense and consistent with our sales policies, conduct marketing activities in Argentina, including keeping regular contact with local hospitals. The local distributor shall also submit quarterly market research information to us, which will set out their selling performance in Argentina. Going forward, we plan to engage one local distributor or agent in the territory. The distribution agreement has a term of three years. Our sales and marketing team will provide training to the Argentine distributors and may also provide trainings to hospitals in Argentine if necessary. We plan to engage one local distributor for each overseas jurisdiction we plan to enter on similar commercial terms with the one in Argentina if these terms are achievable.

During the Track Record Period, substantially all of our revenue was derived from the sale of our VitaFlow™, which was commercialized in China in August 2019. In 2018, 2019 and the seven

months ended July 31, 2020, the aggregate sales to our five largest customers were nil, RMB14.9 million and RMB28.2 million, representing nil, 69.4% and 58.2% of our total revenue, respectively. Sales to the largest customer in 2018, 2019 and the seven months ended July 31, 2020 were nil, RMB5.8 million and RMB10.6 million, representing nil, 27.1% and 21.8% of our total revenue, respectively. All of our five largest customers during the Track Record Period were our distributors, who are Independent Third Parties.

Selection of Distributors

Our sales and marketing department is mainly responsible for the selection of suitable distributors for our business and able to contribute to our business growth. We normally select distributors who can effectively work with us to promote our VitaFlow™ at local hospitals and who have established and maintained skills, experiences and resources to help us execute our business strategies.

During the selection of distributors, we first evaluate their qualifications. Our distributors are required to possess the requisite business licenses and permits to sell medical devices in China. We will also evaluate factors including (i) experience in marketing and sales of medical devices and high-value medical consumables; (ii) primary sales channels and hospital coverage; and (iii) marketing strategies to promote our products. We also engage a third-party company to conduct background checks on all the distributors that have passed our internal qualification evaluations. We only choose to enter into distribution agreements with distributors who have passed our background check. We re-review the qualifications of our distributors when our distribution agreements with them are due for renewal. We also review the sales performance of such distributors before renewal.

As a large part of communications with hospitals and after-sale service is conducted by our distributors, we provide technical training to our distributors and assess their knowledge and capability. The training mainly covers product information, medical knowledge such as the surgical process, and eligible customer analysis. The assessment is divided into a basic level (G1) and a professional level (G2). All front-line business personnel of our distributors involved in our business is required to complete our training and pass the G1 assessment. The business personnel who have passed the G1 assessment with three or more years of working experience in the medical device industry are required to pass the G2 assessment. We also adopt robust measures and selection criteria to manage the anti-bribery and anti-corruption risks involved with our distributors. Our agreements with our distributors will set out anti-bribery and anti-corruption obligations for the distributors. In the event that there is any breach of these obligations, we are entitled to terminate the distribution agreement and claim reimbursement for all the associated losses. For details, see "—Risk Management and Internal Control."

Rights and Obligations of Distributors

We enter into a distribution agreement with each distributor, which set out key rights and obligations. We require such distributors not to sell TAVI products of our competitors. The key terms of our distribution agreements with our distributors are summarized below.

- *Duration*. Distribution agreements we entered into in 2019 at the initial stage after VitaFlow™ was commercialized typically have a term of three to five months and will be

automatically renewed for six months. Starting from 2020, we typically enter into distribution agreements for one-year.

- *Exclusivity.* The distributors are authorized to sell our products only within the designated geographic regions and hospitals and are prohibited to sell outside their respective territories. Our distributors are also prohibited from selling competing products in the designated geographic regions and hospitals.

- *Sub-distributors.* Our distributors shall not procure sub-distributors without our written consent.

- *Minimum purchase volume.* We typically set a minimum purchase volume with the distributor, which is subject to review and amendment upon renewal of distribution agreement. The minimum purchase volume serves as annual sales goals instead of strict purchase requirements.

- *Obligations.* Our distributors are obligated to, among other things, (i) comply with the relevant laws and regulations, (ii) keep inventory and usage records of all products, and (iii) store the product appropriately in accordance with the instructions set out in the product manual.

- *Pricing and payment.* We set out the selling prices to our distributors in the purchase orders and the distributors shall make payments in full on the next business day after receiving our notice of the confirmation to the purchase orders. We may from time to time offer certain distributors a price discount on a case-by-case basis in light of their historical procurement amount and respective hospital coverage.

- *Credit term.* Except for two distributors in 2020, we typically require distributors to make full payment of our products the following day we confirmed their order and we will only arrange product delivery after receiving a copy of the payment invoice.

- *Delivery.* We are responsible for transporting our products to the distributor and bearing the costs of transportation.

- *Product return.* In line with the industry practice, we do not allow our distributors to return products unless there are quality defects or in the event of a product recall. Generally, we are not responsible for product sale or return once our products are sold to the distributors.

- *Confidentiality.* Distributors are required to keep confidential any information relating to our business and shall not disclose the confidential information to any third parties within the term of the agreement and five years after its termination.

- *Termination.* Each party has the right to terminate the agreement if the other party breaches the terms and conditions therein. In the event of termination, we may allow the distributor to return up to 15% of their inventories.

We require all the distributors to place orders under our online ordering system, which enables our sales and marketing department to provide real-time supervision so that we can have a good understanding of each distributor's sales network, the demand and needs of hospitals they cover and

their procurement practices. In particular, for substantially all of our distributors, we require them to make full payment prior to product shipments, except for two distributors to whom we granted a credit term of 10 business days starting from June 2020 and approximately 30 days starting from October 2019, respectively. The credit terms we granted to these distributors are in light of their historical procurement amount and their respective hospital coverage. We closely track our receivables settlement with these distributors and we will immediately discuss with such distributor if there is any late payment. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any late settlement with respect to our trade receivables that would have a material and adverse impact on our business. Considering that above, we believe our risk exposure to the recoverability of trade receivables from our distributors is very limited and our credit management policy is appropriate.

Distributor Inventory Management

Our distributors generally place orders with us based on actual demand from hospitals. During the Track Record Period, most of our distributors place two to three orders per month and we will normally ship our products the next business day upon we receive the payment in relation to the order in full. We believe that we are able to ensure that our sales to distributors reflect genuine market demand for our products and to prevent channel-stuffing, in consideration of the following measures and conditions.

- *Close monitoring.* We track the order and implantation of our products through an online ordering system. Our distributors are required to confirm the receipt on the online ordering system promptly after receiving our products. Leveraging our online ordering system, we believe we have a good understanding of our distributors' sales network, the demand and need of hospitals they cover and distributors' procurement practices.

- *Credit term.* We require all of our distributors to make full payment to us before we make shipment, except for two distributors in 2020 to whom we granted a credit term of 10 business days starting from June 2020 and approximately 30 days starting from October 2019, respectively, in light of their historical procurement amount and hospital coverage. We believe that this will require our distributors to effectively manage their cash flow and ensure that orders are made based on actual demand. Going forward, we will only grant credit terms to major distributors on a case-by-case basis based on our assessment.

- *Inventory check.* We regularly organize inventory checks upon our distributors. If the data on our online ordering system does not match the actual stock of distributors, we have the right to implement measures including terminating the distributorship with such distributor.

- *Implantation data.* We gather information from hospitals to monitor the hospital implantation data of VitaFlow™ and we believe this will enable us to better understand the actual demands of our products. We will take the implantation data into consideration when negotiating the minimum purchase volume under the distribution agreement.

- *Strict product return policy.* We typically do not allow distributors to return any products unless there are quality defects or there is a product recall. During the Track Record Period, no distributor returned any product.

- *Distributor independence*. During the Track Record Period, to the best of our Directors' knowledge, all of our distributors were Independent Third Parties, and none were controlled by our current or former employees. During the Track Record Period, we did not provide any material advance or financial assistance to our distributors. To the knowledge of our Company, (i) there is no other relationship or arrangement (family, business, financing, guarantee or otherwise in the past or present) between (a) each of our distributors and sub-distributors during the Track Record Period, and (b) our Group, our Directors, Shareholders and senior management and their respective associates as of the Latest Practicable Date; and (ii) our Group, our Directors, shareholders and senior management and their respective associates have never financed, directly or indirectly, our Group's distributors and sub-distributors for the purchase of our products during the Track Record Period and up to the Latest Practicable Date.

Number of Distributors

After VitaFlow™ received the NMPA marketing approval in July 2019, we started to engage distributors. The table below sets forth the changes in the number of distributors during the Track Record Period.

	For the year ended December 31,		For the seven months ended July 31,
	2018	2019	2020
As of the beginning of the period	—	—	12
Additions of new distributors	—	15	11
Termination of existing distributors [Note]	—	3	4
As of the end of period	—	12	19

In 2019 and the seven months ended July 31, 2020, we terminated a total of three and four distributors, respectively. Revenue generated from these distributors represented 6.2% and 6.3% of our revenue during each respective period. We terminated these distributors primarily because we strategically shifted our marketing strategy and penetration plan with respect to the hospitals they were covering and accordingly we considered these distributors were not suitable for us, and to a lessor extent, because we terminated the overlapping distributors with the Retained Group. For details, see "Relationship with Our Controlling Shareholders—Independence of Our Group from Our Controlling Shareholders—Sales and Marketing."

Pricing

We generally adopt a patient-oriented pricing and commercialization strategy which we believe can achieve the balance between patients' affordability and market demands**.** We have conducted extensive market research with KOLs, hospitals, physicians and patients as well as regulatory bodies before product pricing and have taken into account various factors in product pricing, such as feedbacks collected from these parties, possibility of inclusion in the medical insurance reimbursement list in China as well as prices of our competitors. As of the Latest Practicable Date, TAVI products were not included in the centralized procurement regime and there was generally no special tender or bidding process or price guidance set on TAVI procedures and related products for enterprises by the PRC government. Considering patients' affordability in China and in order to gain a

higher market share in China's TAVI market and to better position our products for future admission into the medical insurance reimbursement list, the price of VitaFlow™ is significantly lower than our competitors in China, despite VitaFlow™ having achieved positive clinical trial results with respect to all-cause mortality rate and post-operative complications. In general, VitaFlow™ is priced at approximately RMB196,000 per unit under the public wholesale tender scheme in China as of the Latest Practicable Date. With its competitive price, we believe VitaFlow™ has the potential to become one of the first TAVI products to be admitted into the medical insurance reimbursement list in China. We will adopt similar pricing strategy for VitaFlow™ II after it is commercially launched. We plan to apply for admission of VitaFlow™ and VitaFlow™ II in the medical insurance reimbursement scheme in China once available. For risks associated with our pricing strategy, see "Risk Factors—Risks Relating to Commercialization and Distribution of our Products—Our pricing strategy and downward change in pricing of our products may have a material adverse effect on our business and results of operations" for details. We also offer competitive prices to our distributors. To incentivize our distributors, we may negotiate with certain distributors for price discount on a case-by-case basis in light of their hospital coverage and historical procurement amount. We believe our patient-oriented pricing model can significantly benefit the large patient pool eligible for TAVI procedures, which in turn, can drive our business growth.

After-sale Service

After our products are sold and implanted, we also conduct certain follow-up services, including distributor training and assessment, product maintenance and performance follow-up with physicians and patients. We conduct follow-up discussions with the physicians who used our TAVI products post-TAVI procedures to better understand the key advantages and weaknesses of our TAVI products, which we believe provide us the opportunity not only to improve our product design in the future, but also to strengthen product loyalty and lay the foundation for further cooperation. The information we collected from after-sale product performance follow-up also form a strong basis for our future academic promotion activities. In addition, we may also conduct post-marketing clinical trials and follow-up studies for a period of up to five years after the TAVI procedure is completed. We also provide channels for complaints regarding our products. During the Track Record Period and up to the Latest Practicable Date, we have not received any product complaint that needed to be reported to the NMPA. During the Track Record Period and up to the Latest Practicable Date, we had not recalled any product due to quality issues.

RAW MATERIALS AND SUPPLIERS

Our principal raw materials for the manufacturing of TAVI products are bovine pericardium and nitinol components, which are generally procured on an as-needed basis. To ensure the quality of our principal raw materials, we only procure bovine pericardium and nitinol components from selected suppliers that can satisfy our stringent raw material requirements. The bovine pericardium we used in our R&D activities and the commercial manufacturing of VitaFlow™ are imported from one qualified supplier in Australia, where bovine pericardium has not been affected by BSE. As we only obtained the license for import of bovine pericardium for commercial production effective from April 2019 and the license for import of bovine pericardium for R&D effective from April 2020, we only started to procure bovine pericardium directly from such supplier for R&D and commercial production immediately after we obtained the respective importing license. Accordingly, prior to obtaining such

licenses certain of the bovine pericardium we used were procured from the MicroPort Group, who purchased bovine pericardium from the Australian supplier and then sold to us at the same price and normal commercial terms. Considering that there are also other bovine pericardium suppliers in China and overseas that can satisfy our stringent quality requirements, we believe we are able to source bovine pericardium from other suppliers if our relationship with the current Australian bovine pericardium supplier is materially adversely affected. Our nitinol components are mainly procured from Germany. See "Risk Factor—Risks Relating to Manufacture and Supply of our Products—We rely on a limited number of suppliers, and may not be able to secure a stable supply of qualified raw materials at all times or at all."

With respect to the bovine pericardium, we had entered into a master purchase agreement for a period of two years with the supplier based in Australia, which is automatically renewable for another two years unless any party disagrees. Pursuant to this agreement, we are obliged to purchase 800 pieces of bovine pericardium valves each year at a fixed price set out therein, which will be subject to adjustment every year. The master purchase agreement also sets out the detailed specifications of the bovine pericardium and we are entitled to reject any bovine pericardium that does not comply with such specifications. The supplier also guarantees that the bovine pericardium shall be free from defects in material and workmanship for one year from our acceptance of such products. With respect to nitinol components, we had entered into a purchase agreement with a supplier based in Germany for a period of one year and the purchase agreement sets forth detailed specifications of the nitinol products.

We have formulated detailed quality standards for bovine pericardium and nitinol components, covering both technical specifications and regulatory compliance aspects. We normally enter into a quality assurance agreement with such suppliers together with the purchase agreement, which sets out our quality standards and inspection procedures. We keep a qualified supplier list and we only procure bovine pericardium and nitinol components from such qualified suppliers. We conduct supplier audit, which includes documentation inspection and/or on-site inspection for all the suppliers. Upon receiving the raw material shipments, we retain the right to reject or return based on our inspection results. We assess the performance of our qualified suppliers annually on criteria such as quality of supplies, service and timeliness of delivery. In response to the COVID-19 pandemic, we generally kept a higher level of inventories. For bovine pericardium, we will anticipate the forecasted consumption for the next two to three months and will adjust our purchases accordingly. We did not experience, and do not expect our supply chain to be materially and adversely affected by the COVID-19 pandemic.

In 2018, 2019 and the seven months ended July 31, 2020, purchases from our five largest suppliers amounted to RMB45.6 million, RMB63.7 million and RMB37.9 million, accounting for 51.8%, 42.1% and 47.9% of our total purchases, respectively, and purchases from our largest supplier amounted to RMB24.8 million, RMB23.9 million and RMB13.8 million, accounting for 28.2%, 15.8% and 17.5% of our total purchases for the same period, respectively. Except for the MicroPort Group, all of our five largest suppliers during the Track Record Period are Independent Third Parties. We generally have maintained a business relationship with such suppliers for over three years. Save as disclosed above, none of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) has any interest in any of our five

largest suppliers that are required to be disclosed under the Listing Rules. The following table sets forth the details of our five largest suppliers for the period indicated.

For the year ended December 31, 2018

Supplier	Purchase amount (RMB in thousands)	Percentage of total purchase	Goods/services procured
MicroPort Group	24,808	28.2%	Technical services, rentals, raw materials and animal study services
Supplier A	8,941	10.1%	Nitinol components
Supplier B	6,411	7.3%	Animal experiment
Supplier C	2,878	3.3%	Catheter products
Supplier D	2,543	2.9%	Molding
Total	**45,581**	**51.8%**	

For the year ended December 31, 2019

Supplier	Purchase amount (RMB in thousands)	Percentage of total purchase	Goods/services procured
MicroPort Group	23,857	15.8%	Technical services, rentals, raw materials and animal study services
Supplier E	12,274	8.1%	Bovine pericardium
Supplier A	12,075	8.0%	Nitinol components
Supplier B	9,554	6.3%	Animal experiment
Supplier F	5,954	3.9%	Air-ticketing
Total	**63,714**	**42.1%**	

For the seven months ended July 31, 2020

Supplier	Purchase amount (RMB in thousands)	Percentage of total purchase	Goods/services procured
Supplier E	13,848	17.5%	Bovine pericardium
Supplier A	10,174	12.8%	Nitinol components
MicroPort Group	6,637	8.4%	Technical services, rentals, bovine pericardium and other raw materials and animal study services
Supplier G	3,775	4.8%	Catheter products
Supplier H	3,474	4.4%	Nitinol components
Total	**37,908**	**47.9%**	

INVENTORY

Our inventory mainly includes raw materials, work in progress and finished products. We have established an inventory management system that monitors each stage of our warehousing process. We evaluate our inventory level on a weekly basis for our raw materials. Considering that most of our bovine pericardia for manufacturing VitaFlow™ are imported from Australia, we generally keep a higher inventory level for bovine pericardium to minimize the administrative costs associated with the importing process. Our VitaFlow™ has a shelf life of one year and is sold on a first-in-first-out basis. Warehouse personnel is responsible for the storage and distribution of raw materials. Raw materials are separately stored in different areas of the warehouse according to their storage condition requirement, properties, usage and batch number. During the Track Record Period, we did not experience any material shortage of inventory.

QUALITY MANAGEMENT

Quality control and quality assurance are crucial for us, and we endeavor to ensure the quality of our operations through a comprehensive quality management system, which was formulated in accordance with the GMP standard as required by the NMPA and ISO13485:2016 standard, covering substantially every aspect of our operations including product design, supply chain and manufacturing, among others.

We have established a comprehensive set of quality control and quality assurance procedures to monitor our manufacturing process to ensure it to comply with relevant regulatory requirements and our internal quality requirements. We select our suppliers based on a strict set of criteria and we regularly conduct supplier audits which include documentation inspection and/or on-site inspection on such qualified suppliers to make sure our requirements are being consistently met. Key steps of our manufacturing process must be conducted in cleanrooms that comply with the classification of ISO Class 7 cleanness standards. We regularly validate facilities, equipment, manufacturing processes and production parameter to ensure that our processes, methods, programs and equipment work properly. In addition, we have a monitor system that can provide real-time monitoring of our manufacturing environment, especially special requirements such as humidity, temperature and differential pressure. We conduct inspection on raw materials, including work-in-progress in accordance with our quality management standards. Finished products are subject to strict inspection and test before sale. We require responsible personnel for each manufacturing step to keep records on inspection results and we also conduct a final review on related inspection and test records to determine whether a specific product can be released for sale. Products that do not meet our quality standards are destroyed or otherwise disposed of in accordance with the relevant environmental control requirement. We analyze the data and feedback we received from our distributors and hospitals as we believe such data and feedback are crucial in the development of our next-generation product.

INTELLECTUAL PROPERTY

As a medical device company focusing on innovative solutions for valvular heart diseases, intellectual property rights are crucial to our business and we are committed to the development and protection of our intellectual properties.

As of the Latest Practicable Date, we owned 98 patents in China, including 23 invention patents, 68 utility models and seven industry designs. As of the same date, we also had 82 pending patent

applications in China, including 72 invention patents and 10 utility models. To facilitate our strategy to enter overseas market, we also owned 55 patents in UK, Italy, Germany, France, Spain, America, Korea, Australia and Brazil, among others. All of the patents that we owned or applied for are related to self-developed technologies by our in-house R&D team. During the Track Record Period and up to the Latest Practicable Date, we were not involved in any material proceedings in respect of, and we had not received notice of any material claims of infringement of, any intellectual property rights that are threatened or pending, in which we may be a claimant or a respondent. For details, see "Appendix IV — Statutory and General Information — B. Further Information about Our Business — 2. lntellectual Property Rights."

The table below lists the material patents and patent applications of our Core Product, VitaFlow™ II, and our first commercialized product, VitaFlow™ as of the Latest Practicable Date.

Name of Patent	Type of Patent	Registration Number/ Application Number	Owner/ Applicant	Status	Related Product(s)	Application Date	Registration Date	Expiration Date	Jurisdiction	Authority
Implant delivery system	Invention patent	201210356246.3	MP CardioFlow	Granted	Delivery system of VitaFlow™ and VitaFlow™ II	September 21, 2012	November 25, 2015	September 20, 2032	China	CNIPA
Implant delivery system	Invention patent	13838923.4	MP CardioFlow	Granted	Delivery system of VitaFlow™ and VitaFlow™ II	April 20, 2015	November 13, 2019	April 19, 2035	Europe	EUIPO
Prosthesis heart valve	Invention patent	201310064011.1	MP CardioFlow	Granted	PAV of VitaFlow™ and VitaFlow™ II	February 25, 2013	June 15, 2016	February 24, 2033	China	CNIPA
Electric handle for implant delivery and delivery system	Invention patent	201310202016.6	MP CardioFlow	Granted	Delivery system of VitaFlow™ and VitaFlow™ II	May 27, 2013	May 25, 2016	May 26, 2033	China	CNIPA
Drive handle for conveying implant and conveying system	Invention patent	201510213801.0	MP CardioFlow	Granted	Delivery system VitaFlow™ II	April 29, 2015	August 24, 2018	April 28, 2035	China	CNIPA
Catheter set for implant delivery and delivery system	Invention patent	201510489321.7	MP CardioFlow	Granted	Delivery system and procedural accessories of VitaFlow™ and VitaFlow™ II	September 21, 2012	October 9, 2018	September 20, 2032	China	CNIPA
Electric handle for implant delivery and delivery system	Invention patent	14803859.9	MP CardioFlow	Pre-Granted[1]	Delivery system of VitaFlow™ and VitaFlow™ II	November 27, 2015	February 6, 2019	November 26, 2035	Europe	EUIPO

Name of Patent	Type of Patent	Registration Number/ Application Number	Owner/ Applicant	Status	Related Product(s)	Application Date	Registration Date	Expiration Date	Jurisdiction	Authority
Device and method for loading implant into delivery system	Invention patent	14857026.0	MP CardioFlow	Granted	Delivery system of VitaFlow™ and VitaFlow™ II	May 31, 2016	December 5, 2018	May 30, 2036	Europe	EUIPO
Prosthesis heart valve	Intention patent	201611238574.8	MP CardioFlow	Applied	PAV of VitaFlow™ and VitaFlow™ II	December 28, 2016	N/A	N/A	China	CNIPA
Cardiac valve delivery catheter and delivery system	Invention patent	201710682415.5	MP CardioFlow	Applied	Delivery system of VitaFlow™ II	August 10, 2017	N/A	N/A	China	CNIPA
Delivery system for self-expanding prosthesis and prosthesis heart valve	Invention patent	201710743343.0	MP CardioFlow	Applied	Delivery system of VitaFlow™ II	August 25，2017	N/A	N/A	China	CNIPA

Note:

1. As of the Latest Practicable Date, the European Patent Office had received an opposition filed by a third party after the patent was granted in February 2019 ("**Opposition Action**"). As of the Latest Practicable Date, we had filed our response to the opposition action and the European Patent Office has not issued rulings with respect to the Opposition Action. Accordingly, the status of the patent was designated as "pre-granted." In the worst case scenario, if the European Patent Office ruled in favor of the opposition, we would still be able to commercialize VitaFlow™ II in Europe but would lose patent protection with respect to the motorized delivery system.

COMPETITION

We operate in a rapidly changing market, resulting from technological advances and scientific discoveries. While we believe our robust R&D capabilities provide us with competitive advantages, we face potential competition with major international medical device companies as well as domestic medical device companies which are developing heart valve disease solutions. We compete primarily based on the clinical performance of our products and pipeline products, our ability to commercialize products, R&D capabilities and brand recognition.

For further details of our major competitors, see "—Our Product Portfolio" and "Industry Overview."

EMPLOYEES

As of July 31, 2020, we had 299 employees. All of our employees are based in China. The table below sets forth our employees by function as of July 31, 2020.

Functions	Number of Employees
Management and administrative	25
Supply chain and manufacturing	132
R&D	47
Quality control	51
Sales and marketing	32
Regulatory affair and clinical management	12
Total	299

We recruit our employees through recruitment websites, recruiters, internal referrals and job fairs. For all of our employees, we will provide on-board training for them and we also provide periodic training or seminars to ensure their self-development.

In compliance with the relevant PRC laws and regulations, we entered into employment contracts with our employees to cover matters such as wages, benefits and grounds for termination. We enter into standard confidentiality agreements with all of our employees. We enter into non-compete agreements with employees of the departments that we consider crucial to our business, such as R&D, quality control, clinical trial registration, and key technicians. Such non-compete agreements prohibit the employees from competing with us, directly or indirectly, during his or her employment. When an employee leaves our Company, we assess whether he or she has access to our confidential information and if necessary requires the employee to enter into a non-compete agreement for up to two years after the termination of his or her employment. Our PRC Legal Advisers are of the view that these non-compete agreements are valid and legally binding under the PRC laws.

The remuneration package of our employees includes salary and bonus, which are generally based on their qualifications, industry experience, position and performance. We consider the remuneration package of our employees to be competitive among our domestic competitors. We make contributions to social insurance and housing provident funds as required by the PRC laws and regulations.

Our employees are represented by labor unions. We consider our relationship with employees good. During the Track Record Period and as of the Latest Practicable Date, we did not experience any material labor disputes or strikes that may have a material and adverse effect on our business, financial condition or results of operations.

INSURANCE

We maintain insurance policies that are required under PRC laws and regulations as well as based on our assessment of our operational needs and industry practice. In line with industry practice in China, we maintain different types of insurance policies, such as personal accident insurance. We also maintain product liability insurance covering our clinical trials. Our Directors consider that our existing insurance coverage is sufficient for our present operations and in line with the industry practice in China**.** See "Risk Factors—Risks Relating to Our Operations—Our insurance coverage may not completely cover the risks relating to our business and operations" for details.

PROPERTIES

Our headquarters are located in Shanghai. As of the Latest Practicable Date, we did not own any properties and we leased a number of properties with an aggregate GFA of 8,426.19 square meters, one of which was leased from the MicroPort Group. The following table sets forth the details of our leased properties as of the Latest Practicable Date.

Location	Use	GFA (sq. m.)	Expiry date
Shanghai	Headquarters, R&D and manufacturing facility	2,906.95	December 31, 2022
Shanghai	Manufacturing and R&D	2,216.86	December 31, 2022
Beijing	Office	26.57	December 19, 2021, which is automatically renewable for one year upon expiration if no party objects
Beijing	Office	11	December 31, 2022, which is automatically renewable for one year upon expiration if no party objects
Chengdu	Office	164.81	June 30, 2022
Chengdu	R&D, office and manufacturing	3,100	December 31, 2024

For the first and the sixth leases set out above, certain of the premises are used as offices, which are inconsistent with the usage set out in the title certificate or other relevant permits. Our PRC Legal Advisers are of the view that the local authorities may require us not to use such properties as our offices. Considering that (i) as of the Latest Practicable Date, we had not received any penalty, objection, inquiry or investigation from the local authorities with respect to such properties; and (ii) these properties are located in Shanghai Zhangjiang Hi-Tech Park and Chengdu Tianfu

International Biotech Park, respectively, where there are abundant unoccupied office premises for lease and we believe we would be able to relocate our office to a different site relatively easily if we are required by local authorities not to use such premises as offices, our Directors are of the view that the likelihood that our business or results of operations would be materially and adversely affected by this title defect is very remote.

As of the Latest Practicable Date, we had not completed lease registration with the relevant regulatory authorities for two of the six leases. Our PRC Legal Advisers are of the view that the non-registration of lease agreements will not affect the validity of such lease agreements, but the relevant local housing administrative authorities can require us to complete registrations within a specified timeframe and we may be subject to a fine between RMB1,000 and RMB10,000 per lease for any delay in making these registrations. Therefore, we have the right to use such properties in accordance with the lease agreement but we may be subject to the risks of fines if the lease registration is not completed as required by the relevant local housing administrative authorities. As of the Latest Practicable Date, we were not subject to any penalties arising from the non-registration of the lease agreements.

According to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which require a valuation report with respect to all our Group's interests in land or buildings, for the reason that, as of July 31, 2020, we had no single property with a carrying amount of 15% or more of our total assets.

SOCIAL, HEALTH, WORK SAFETY AND ENVIRONMENTAL MATTERS

In respect of social responsibilities, we have entered into employment contracts with our employees in accordance with the applicable PRC laws and regulations. We hire employees based on their merits and it is our corporate policy to offer equal opportunities to our employees regardless of gender, age, race, religion or any other social or personal characteristics. We strive to provide a safe working environment for our employees. We have implemented work safety guidelines setting out safety practices, accident prevention and accident reporting procedures. Our employees responsible for manufacturing and quality control and assurance are required to hold relevant qualifications, as well as wear the proper safety gear when working. We conduct regular safety inspections and maintenance for our manufacturing facility.

We strive to operate our facilities in a manner that protects the environment and the health and safety of our employees and communities. We have implemented company-wide environmental health and safety policies and operating procedures, covering waste treatment, process safety management, worker health and safety requirements and emergency planning and response. In particular, our operations involve the use of hazardous and flammable chemical materials. Our operations also produce hazardous wastes. We generally contract with third parties for the disposal of these materials and wastes. During the Track Record Period and up to the Latest Practicable Date, we complied with the relevant environmental and occupational health and safety laws and regulations in all material aspects and we did not have any incidents or complaints which had a material and adverse effect on our business, financial condition or results of operations during the period.

LICENSES AND PERMITS

We are subject to regular inspections, examinations and audits by local regulators including the Shanghai Medical Products Administration and are required to maintain or renew the necessary permits, licenses and certificates for our business. Our PRC Legal Advisers are of the view that, during the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from the relevant government authorities that are material for our business operations in China. The following table summarizes material licenses and permits we held as of the Latest Practicable Date. We plan to renew all the material license and permit upon its expiration.

License/Permit	Holder	Grant date	Expiration date
Medical Device Registration Certificate (醫療器械註冊證)	MP CardioFlow	July 10, 2019	July 9, 2024
Medical Device Manufacturing Certificate (醫療器械生產許可證)	MP CardioFlow	November 5, 2020	July 23, 2024
Internet drug information service qualification certificate (non operating) (互聯網藥品信息服務許可證)	MP CardioFlow	May 16, 2019	May 15, 2024
Medical Device Export-sale Certificate (醫療器械產品出口銷售證明)	MP CardioFlow	August 24, 2020	August 23, 2022

COMPLIANCE AND LEGAL PROCEEDINGS

We may be involved in legal proceedings in the ordinary course of business from time to time. During the Track Record Period and up to the Latest Practicable Date, none of us or our Directors were involved in any litigation, arbitration or administrative proceedings which could have a material adverse impact on our business, financial condition or results of operations. As of the Latest Practicable Date, we were not aware of any pending or threatened litigation, arbitration or administrative proceedings against us or our Directors which may have a material and adverse impact on our business, financial condition or results of operations.

As advised by our PRC Legal Adviser, during the Track Record Period and as of the Latest Practicable Date, save as disclosed above, we had complied with the relevant PRC laws and administrative regulations in all material aspects.

RISK MANAGEMENT AND INTERNAL CONTROL

We are exposed to various risks during our operations and have established risk management systems with relevant policies and procedures that we believe are appropriate for our business operations. Our policies and procedures relate to the R&D, manufacture and commercialization of our products. To monitor the ongoing implementation of our risk management policies and corporate governance measures after the Listing, we have adopted or will continue to adopt, among other things, the following risk management measures:

- establish an audit committee to review and supervise our financial reporting process and internal control system. Our audit committee consists of three members, namely

Mr. Jonathan H. Chou, who serves as chairman of the committee, Ms. Sun Zhixiang and Dr. Jiang Hualiang. For the qualifications and experience of these committee members, see "Directors and Senior Management;"

- adopt various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to risk management, connected transactions and information disclosure;
- attend the training session by our Directors and senior management in respect of the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong; and
- provide regular anti-corruption and anti-bribery compliance training for our Directors and senior management in order to enhance their knowledge and compliance of applicable laws and regulations.

We have engaged an internal control consultant to review the effectiveness of our internal controls associated with our major business processes, identify deficiencies and improvement opportunities, provide recommendations on remedial actions and review the implementation status of these remedial actions. During the review process of our internal control consultant, certain internal control matters were identified and we have adopted corresponding internal control measures to improve on these matters. We have adopted the recommendations made by the internal control consultant and our internal control consultant has completed the follow-up procedures on our internal control system with regard to those actions taken by us in September 2020 and have not identified any material deficiencies in our internal control system.

In addition, as part of our risk management measures, we have implemented specific measures against corruption and bribery. We require our employees, especially those involved in procurement, distribution and sales, and other business functions which are more susceptible to bribery and corruptions, to abide by our compliance requirements, and make necessary representations and warranties to the Company. We also communicate our anti-bribery and anti-corruption principles to our distributors as well as the CMOs and SMOs we engaged for our clinical trial and require them to comply with our anti-bribery and anti-corruption principles. We have established a system of supervision that allows complaints and reports to be submitted to management regarding non-compliant behavior of our employees and external customers and suppliers.

BOARD OF DIRECTORS

Our Board of Directors is comprised of nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors. Our Directors are elected to serve a term of three years, which is renewable upon re-election and/or reappointment at the general meetings of our Company in accordance with the Articles of Association.

The following table sets out information in respect of our Directors:

Name	Age	Position	Date of first joining our Group	Date of appointment as our Director	Responsibility
Dr. Luo Qiyi (羅七一)	58	Non-executive Director and Chairman of our Board	May 21, 2015	August 5, 2019	Participating in decision-making of important matters and the high-level oversight of the management and operations of our Group
Mr. Chen Guoming (陳國明)	36	Executive Director and President	September 1, 2016	September 29, 2020	The research and development and participating in the management and strategic development of our Group
Ms. Yan Luying (閆璐穎)	39	Executive Director and Vice President (regulatory affairs and clinical trial)	September 1 2016	September 29, 2020	The regulatory affairs and clinical trial and participating in the management and strategic development of our Group
Mr. Wu Guojia (吳國佳)	47	Executive Director and Vice President (sales and marketing)	March 15, 2018	September 29, 2020	Sales and marketing and participating in the management and strategic development of our Group
Mr. Zhang Junjie (張俊傑)	43	Non-executive Director	October 19, 2017	August 5, 2019	Participating in decision-making of important matters and the high-level oversight of the management and operations of our Group
Ms. Wu Xia (吳夏)	39	Non-executive Director	October 19, 2017	August 5, 2019	Participating in decision-making of important matters and the high-level oversight of the management and operations of our Group
Mr. Jonathan H. Chou (周嘉鴻)	56	Independent Non-executive Director	January 15, 2021	January 15, 2021	Supervising and providing independent judgment to our Board

Name	Age	Position	Date of first joining our Group	Date of appointment as our Director	Responsibility
Dr. Jiang Hualiang (蔣華良)	56	Independent Non-executive Director	January 15, 2021	January 15, 2021	Supervising and providing independent judgment to our Board
Ms. Sun Zhixiang (孫志祥)	53	Independent Non-executive Director	January 15, 2021	January 15, 2021	Supervising and providing independent judgment to our Board

Dr. Luo Qiyi (羅七一), aged 58, is the chairman and a non-executive Director of our Company. He was appointed as a non-executive Director on August 5, 2019 and the chairman of our Board of Directors on January 16, 2020. Dr. Luo is mainly responsible for participating in decision-making of important matters and the high-level oversight of the management and operations of our Group. Dr. Luo also serves as the chairman of MP CardioFlow since he joined our Group in May 2015.

Dr. Luo has over 29 years of experience in the medical device industry. He joined the MicroPort Group in January 2003 and is currently serving as the chief technology officer and a member of the Intercontinental Cardiac Rhythm Management Committee and Greater China Executive Committee of MicroPort. Prior to joining the MicroPort Group, from February 1991 to May 1995, he worked as a supervisor and an engineer of the angioplasty research and development team at Vas-Cath Inc., a subsidiary of C.R. Bard, Inc. which is a medical device manufacturing company listed on the New York Stock Exchange (ticker symbol: BCR). Dr. Luo worked as the principal research and development engineer and a senior manufacturing/development engineer at Medtronic AVE Inc. from May 1995 to December 2002.

Dr. Luo received his bachelor's degree in applied science from Yunnan University of Technology (雲南理工大學) in China in July 1983, his master's degree in applied science from Queen's University in Canada in December 1990 and his doctor's degree in biomedical engineering from University of Shanghai for Science and Technology(上海理工大學) in China in March 2015. Dr. Luo is the inventor or a co-inventor of 208 patents in China, the United States, Japan and the European Union as of the Latest Practicable Date.

Mr. Chen Guoming (陳國明), aged 36, is an executive Director and the President of our Company. He was appointed as an executive Director, President of our Company and director and general manager of MP CardioFlow on September 29, 2020. He joined our Group as a vice president on September 1, 2016 and is mainly responsible for research and development since then and participating in the management and strategic development of our Group.

Mr. Chen focused on research and development, clinical application and supply chain management of devices in the field of valves in the past 10 years. Before joining us in September 2016, Mr. Chen joined the MicroPort Group in March 2010 and worked as senior R&D manager at Shanghai MicroPort Medical from March 2010 to August 2016.

Mr. Chen obtained a bachelor's degree in Engineering Mechanics from Shanghai Jiao Tong University (上海交通大學) in China in June 2007 and a master's degree in mechatronics engineering from Shanghai Jiao Tong University in China in March 2010. He is also the inventor or a co-inventor of 118 invention patents in China and overseas as of the Latest Practicable Date.

Ms. Yan Luying (閆璐穎), aged 39, is an executive Director and a Vice President of our Company. She was appointed as our Vice President on September 1, 2016 when she joined our Group, and was appointed as an executive Director and director of MP CardioFlow on September 29, 2020. Ms. Yan is responsible for regulatory affairs and clinical trial and participating in the management and strategic development of our Group.

Ms. Yan has more than 16 years of experience in registration, clinical investigation and management regarding active, non-active, interventional, and implantable devices. Prior to joining our Group in September 2016, Ms. Yan has been working as regulatory affairs senior manager at the MicroPort Group from July 2004 to December 2015.

Ms. Yan obtained a bachelor's degree and a master's degree in biomedical engineering from Capital Medical University (首都醫科大學) in China in July 2004 and December 2012, respectively.

Mr. Wu Guojia (吳國佳), aged 47, was appointed as our Vice President on March 15, 2018 when he joined our Group, and was appointed as an executive Director and director of MP CardioFlow on September 29, 2020. He is responsible for sales and marketing and participating in the management and strategic development of our Group.

Mr. Wu has more than 16 years of experience in medical device companies and more than 6 years of experience as an interventional cardiologist, obtained attending doctor license. Before joining us, Mr. Wu has been working as a clinical training manager at BSC International Medical Trading (Shanghai) Co., Limited, a subsidiary of Boston Scientific Corporation, a medical device company listed on the New York Stock Exchange (ticker symbol: BSX) from April 2005 to September 2009, as regional training manager at Covidien (Shanghai) Management Consulting Co., Ltd., which was acquired by Medtronic Inc., a medical device company listed on the New York Stock Exchange (ticker symbol: MDT) in 2014, from September 2009 to March 2011, and as Asia Pacific training manager, marketing director, sales director successively at St. Jude Medical (Hong Kong) Limited, which was acquired by Abbott Laboratories, a medical device company listed on the New York Stock Exchange (ticker symbol: ABT), from March 2011 to January 2018.

Mr. Wu obtained a bachelor's degree in pediatrics from Shanghai Second Medical University (上海第二醫科大學) (currently, known as Shanghai Jiao Tong University School of Medicine (上海交通大學醫學院)) in China in July 1998.

Mr. Zhang Junjie (張俊傑), aged 43, is a non-executive Director of our Company. He was appointed as a non-executive Director on August 5, 2019 and is mainly responsible for participating in decision-making of important matters of our Group and the high-level oversight of the management and operations of our Group. Mr. Zhang also serves as a director of MP CardioFlow since he joined our Group in October 2017.

Mr. Zhang has over 14 years of experience in the healthcare investment industry. He is currently a director of Shanghai MicroPort Endovascular MedTech (Group) Co., Ltd. (上海微創心脈醫療科技(集團)股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688016), since July 2018. Prior to joining our Group, Mr. Zhang served as a consultant of Deloitte Consulting (Beijing) Co., Ltd. (德勤諮詢(北京)有限公司) from July 2004 to March 2006 and an investment manager of H&Q Asia Pacific Ltd. (漢鼎亞太有限公司) from March 2006 to December 2006. From December

2006 to September 2016, he was as a global partner of Actis (Beijing) Investment Consulting Center (L.P.) (英聯(北京)投資諮詢中心(有限合夥)) and he has been a founding partner of Huaxing Healthcare Fund (華興醫療產業基金) since November 2016.

Mr. Zhang received a bachelor's degree in organic chemistry from Lanzhou University (蘭州大學) in China in June 2000 and a master's degree in management and professional accounting from University of Toronto in Canada in November 2004.

Ms. Wu Xia (吳夏), aged 39, is a non-executive Director of our Company. She was appointed as a non-executive Director on August 5, 2019 and is mainly responsible for participating in decision-making of important matters of our Group and the high-level oversight of the management and operations of our Group. Ms. Wu also serves as a director of MP CardioFlow since she joined our Group in October 2017.

Ms. Wu has over 10 years of experience in research and private equity investment focusing on healthcare industry. She is currently serving as a managing director of CICC Capital since January 2019 and is responsible for the overall investment and management of CICC Kangrui. Ms. Wu joined CICC Jia Cheng Investment Management Company Limited (中金佳成投資管理有限公司) in July 2008 and served as vice president from January 2012 to December 2014 and as executive director from January 2015 to August 2018. In August 2018, Ms. Wu transferred into CICC Capital as executive director. Ms. Wu has been a director of Genetron Holdings Limited (a company listed on the NASDAQ under the trading symbol of "GTH") since September 2017.

Ms. Wu obtained her bachelor's degree in finance from Peking University (北京大學) in China in July 2003, and a master's degree in economics and finance from Warwick Business School of the Warwick University in the UK in January 2005. She was awarded "Outstanding Young PE Investor of the Year 2018" by China Renaissance (華興資本) in 2018.

Mr. Jonathan H. Chou (周嘉鴻), aged 56, is an independent non-executive Director of our Company. He was appointed as an independent non-executive Director of our Company on January 15, 2021 and is primarily responsible for supervising and providing independent judgment to our Board.

Mr. Chou is a seasoned finance and operations executive with more than 30 years of professional experience from banking to various senior leadership positions with Fortune 500 companies and Asia headquartered U.S. listed companies. He has been serving as an independent non-executive director, the chairman of the audit committee and a member of the remuneration committee of MicroPort since September 3, 2010. He also serves on the board of directors of Emerging Markets Investors Alliance, a not-for-profit organization which enables the institutional investors to support good governance, promote sustainable development and improve investment performance in the governments and companies in which they invest.

Mr. Chou worked at Kulicke and Soffa Industries, Inc. (a company listed on the NASDAQ under the trading symbol of "KLIC"), a leading provider of semiconductor packaging and electronic assembly solutions supporting the global automotive, consumer, communications, computing and industrial segments, from December 2010 to February 2018 and held position of chief financial officer from December 2010 to November 2017. From April 2008 to December 2010, Mr. Chou served as the

chief financial officer of Feihe International, Inc. (a company listed on the New York Stock Exchange in April 2005 under the trading symbol of "ADY", and the predecessor company of China Feihe Limited, a company listed on the Stock Exchange in November 2019 with stock code of 6186), during which period he led the company's listing application. Prior to joining Feihe International, Inc., he also served as the chief financial officer of Asia Pacific and various senior financial positions with several Fortune 500 companies, including Honeywell, Tyco ADT, Lucent Technologies / Bell Labs and Public Service Enterprise Group.

Mr. Chou is also a founding member and the chief financial officer of Open5G Inc. where he is primarily responsible for finance, legal and business administration of the company. The company is now pursuing a new open-access business model bringing giga plus fiber connections to homes and businesses by competing in the telecom infrastructure industry.

Mr. Chou was awarded as one of the "China's Top 10 CFO for 2008" issued by the CFO World Magazine in April 2009 for navigating through the global financial crisis.

Mr. Chou received a bachelor degree in economics from the State University of New York at Buffalo in the United States in February 1988 and a master degree in business administration from Duke University's Fuqua School of Business in the United States in December 1999.

Dr. Jiang Hualiang (蔣華良), aged 56, is an independent non-executive Director of our Company. He was appointed as an independent non-executive Director of our Company on January 15, 2021 and is primarily responsible for supervising and providing independent judgment to our Board.

Dr. Jiang joined Shanghai Institute of Materia Medica, Chinese Academy of Sciences (中國科學院上海藥物研究所) in August 1995 and successively served as different positions including a research fellow, a director and a research director of State Key Laboratory of Drug Research (新藥研究國家重點實驗室). He is also serving as an adjunct professor at Shenyang Pharmaceutical University (瀋陽藥科大學) since September 2015. He was nominated as an independent non-executive director of Shanghai Junshi Biosciences Co., Ltd. a company listed on the Stock Exchange (stock code: 1877) and Shanghai Stock Exchange (stock code: 688180) on September 30, 2020. Dr. Jiang was recognized as an Academician of Chinese Academy of Sciences (中國科學院院士) in November 2017. Dr. Jiang was awarded the Second Prize of State Technological Invention Award (國家技術發明獎二等獎) by State Council of the People's Republic of China (中華人民共和國國務院) in 2017, the First Prize of Shanghai Science and Technology Award (上海市科學技術獎一等獎) by Shanghai Municipal People's Government (上海市人民政府) twice in 2003 and 2015 and the Second Prize of National Natural Science Award (國家自然科學獎二等獎) by State Council of the People's Republic of China in 2007. He has been an independent non-executive director of Alphamab Oncology, a company listed on the Stock Exchange (stock code: 9966), since November 2019.

Dr.Jiang received his bachelor's degree in chemistry from Nanjing University (南京大學) in July 1987, his master's degree in physical chemistry from East China Normal University (華東師範大學) in July 1992 and his doctoral degree in medicinal chemistry from Shanghai Institute of Materia Medica, Chinese Academy of Sciences (中國科學院上海藥物研究所) in July 1995.

Ms. Sun Zhixiang (孫志祥), aged 53, is an independent non-executive Director of our Company. She was appointed as an independent non-executive Director of our Company on

January 15, 2021 and is primarily responsible for supervising and providing independent judgment to our Board.

Ms. Sun served as a lawyer at Shanghai Foreign Economic Law Office (上海市對外經濟律師事務所) from July 1990 to December 1996. She served as a Chinese law consultant at Helen Yeo & Partners (Singapore) from January 1997 to January 1998. From February 1998 to February 1999, she worked at Shanghai Xin Min Law Firm (上海市新閔律師事務所) as the director of corporate and finance division. Since March 1999, she has been working at Shanghai Pu Dong Law Office (上海市浦棟律師事務所) and served as a senior partner. She has been an independent non-executive director at Jiangsu Jonnyma New Materials Co., Ltd. (江蘇鏘尼瑪新材料股份有限公司) since October 2017. She has also been a secretary general at Shanghai Donghai Ci Hui Charitable Foundation (上海東海慈慧公益基金會) since June 2018.

Ms. Sun obtained her bachelor's degree in law and master's degree in international commercial law from Fudan University (復旦大學) in July 1990 and January 1997, respectively. She was a visiting scholar in East Asian Legal Studies of Harvard Law School from August 2009 to July 2010.

Except as otherwise disclosed in this prospectus, none of our Directors held a position of director in any other listed companies during the Track Record Period, and no other information relating to our Directors is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, and no other matters are required to be brought to the attention of our Shareholders.

SENIOR MANAGEMENT

The senior management of our Group are responsible for the day-to-day management of the business of our Group. The following table sets out information about our senior management:

Name	Age	Position	Date of first joining our Group	Date of appointment as our senior management member	Responsibility
Mr. Chen Guoming (陳國明)	36	Executive Director and President	September 1, 2016	September 1, 2016	The overall management and research and development of our Group and participating in the management and strategic development of our Group
Ms. Yan Luying (閆璐穎)	39	Executive Director and Vice President (regulatory affairs and clinical trial)	September 1, 2016	September 1, 2016	The regulatory affairs and clinical trial and participating in the management and strategic development of our Group
Mr. Wu Guojia (吳國佳)	47	Executive Director and Vice President (sales and marketing)	March 15, 2018	March 15, 2018	Sales and marketing and participating in the management and strategic development of our Group

Mr. Chen Guoming (陳國明), aged 36, is an executive Director and the President of our Company. Please refer to "— Board of Directors — Mr. Chen Guoming" for his biography.

Ms. Yan Luying (閆璐穎), aged 39, is an executive Director and a Vice President of our Company. Please refer to "— Board of Directors — Ms. Yan Luying" for her biography.

Mr. Wu Guojia (吳國佳), aged 47, is an executive Director and a Vice President of our Company. Please refer to "— Board of Directors — Mr. Wu Guojia" for his biography.

JOINT COMPANY SECRETARIES

Ms. Li Xiangmei (李香梅) was appointed as one of our joint company secretaries on October 27, 2020. She has been taking the position of the Board secretary of our Group since she joined our Group in February 2020. Prior to that, she has been working as senior manager and manager of shareholders and securities affairs in the MicroPort Group from December 2014 to January 2020.

Prior to joining the MicroPort Group, Ms. Li worked at Sinopec Shanghai Petrochemical Company Limited (中國石化上海石油化工股份有限公司), a petrochemical company listed on New York Stock Exchange (trading symbol: SHI) and the Stock Exchange (stock code: 0338) and the Shanghai Stock Exchange (stock code: 600688) as an investor relations manager from February 2006 to December 2014, during which she also received the senior economist qualification issued by China Petrochemical Corporation (中國石油化工集團公司) in November 2014.

Ms. Li obtained her bachelor of arts and bachelor of business administration (double degree) from Zhengzhou University (鄭州大學) in China in July 2002.

Ms. Chan Lok Yee (陳濼而) was appointed as one of our joint company secretaries on October 27, 2020. Ms. Chan is currently a manager of Corporate Services of Vistra Corporate Services (HK) Limited, a professional provider of corporate services. She has had over seven years of experience in providing company secretarial and compliance services to private and listed companies. Ms. Chan obtained a bachelor's degree of arts from The Hong Kong Polytechnic University and a master's degree of science in professional accounting and corporate governance from City University of Hong Kong. She has been an associate member of The Hong Kong Institute of Chartered Secretaries and an associate member of The Institute of Chartered Secretaries and Administrators in the United Kingdom since 2015.

BOARD COMMITTEES

We have established three committees of our Board pursuant to the corporate governance practice requirements under the Listing Rules, including the audit committee, the remuneration committee and the nomination committee.

Audit Committee

We have established an audit committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and the risk management and internal controls system of our Group, review the financial information of our Company, consider

issues relating to the external auditors and their appointment, review and approve connected transactions and to advise our Board. The audit committee comprises three independent non-executive Directors, namely Mr. Jonathan H. Chou, Ms. Sun Zhixiang and Dr. Jiang Hualiang. Mr. Jonathan H. Chou, being the chairman of the committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration Committee

We have established a remuneration committee in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix 14 to the Listing Rules. The primary duties of the remuneration committee are to review and make recommendations to our Board regarding the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management and the establishment of a formal and transparent procedure for developing policy on such remuneration. The remuneration committee comprises one non-executive Director, namely Dr. Luo Qiyi, and two independent non-executive Directors, namely Ms. Sun Zhixiang and Mr. Jonathan H. Chou. Ms. Sun Zhixiang is the chairwoman of the committee.

Nomination Committee

We have established a nomination committee in compliance with the Code on Corporate Governance set out in Appendix 14 to the Listing Rules. The primary duties of the nomination committee are to review the structure, diversity, size and composition of the Board, assess the independence of the Independent Non-executive Directors and to make recommendations to our Board regarding the appointment of Directors and Board succession. The nomination committee comprises one non-executive Director and the chairman of the Board, namely Dr. Luo Qiyi, and two independent non-executive Directors, namely Dr. Jiang Hualiang and Ms. Sun Zhixiang. Dr. Luo Qiyi is the chairman of the committee.

BOARD DIVERSITY POLICY

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy (the "**Board Diversity Policy**") which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to our Board Diversity Policy, we seek to achieve the diversity of our Board through the consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural, education background, ethnicity and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board.

Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at our Board level, including gender diversity, as an essential element in maintaining our Company's competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talent. We have also taken, and will continue to take, steps to promote gender diversity at all levels of our Company, including but not limited to our Board and the senior management levels. Currently, three of our Directors are female. We recognize that the gender diversity at our Board level can be improved given the majority of our Directors are male. After the Listing, our nomination committee will discuss periodically and when

necessary, agree on the measurable objectives or achieving diversity, including gender diversity, on our Board and recommend them to our Board for adoption.

Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development, quality assurance and control, business development, research and development, investment management, finance and accounting and corporate governance in addition to industry experience in healthcare and medical science. They obtained degrees in various majors including engineering mechanics, chemistry, biomedical engineering, business administration, accountancy, medicine and law. We have three independent non-executive Directors with different industry backgrounds, representing more than one third of the members of our Board. Furthermore, our Board has a balanced age and gender representation. Taking into account our existing business model and specific needs as well as the different backgrounds of our Directors, the composition of our Board satisfies our board diversity policy.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After the Listing, our Nomination Committee will monitor the implementation of our Board Diversity Policy, review our Board Diversity Policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of our board diversity policy on an annual basis.

DIRECTORS' REMUNERATION

For details on the service contracts and appointment letters signed between our Company and our Directors, see "Appendix IV — Statutory and General Information — C. Further Information about our Directors — 1. Particulars of Directors' service contracts and appointment letters."

During the years ended December 31, 2018 and 2019 and the seven months ended July 31, 2020, the total amount of emoluments, salaries, allowances, discretionary bonus, defined contribution retirement plans and other benefits in kind (if applicable) to Directors were approximately RMB4.2 million, RMB4.3 million and RMB15.6 million, respectively. For remuneration details of all Directors during the Track Record Period, please refer to Note 8 to "Appendix I — Accountants' Report."

According to the current arrangements, the total amount of remuneration (excluding any possible payment of discretionary bonus) shall be paid by us to Directors for the financial year ended December 31, 2020 is expected to be approximately RMB19.7 million.

The remuneration of Directors has been determined with reference to the salaries of comparable companies and their experience, duties and performance.

During the years ended December 31, 2018 and 2019 and the seven months ended July 31, 2020, the five highest remuneration individuals of our Company included four, four and five Directors, respectively, and their remunerations were included in the total amount of emoluments, salaries, allowances, discretionary bonus, defined contribution retirement plans and other benefits in kind (if applicable) to the relevant Directors set out above. For the years ended December 31, 2018 and 2019 and the seven months ended July 31, 2020, the amount of emoluments, salaries, allowances, discretionary bonus, defined contribution retirement plans and other benefits in kind (if applicable) of the remaining one, one and nil highest paid individuals who are not Directors of our Group were RMB0.7 million, RMB0.6 million and nil, respectively.

During the Track Record Period, no remuneration was paid by us nor receivable by Directors or the five highest remuneration individuals as incentives for joining or as rewards upon joining our Company. During the Track Record Period, no remuneration was paid by us nor received by Directors, past directors or the five highest remuneration individuals as compensation for leaving positions of our Group.

During the Track Record Period, none of our Directors have waived any remuneration. Except as otherwise disclosed above, during the Track Record Period, no other amounts shall be paid or payable by us or any of our subsidiaries to our Directors or the five highest remuneration individuals.

Certain of our Directors and employees are granted with share options under the Share Option Scheme. For details of the share options granted, see the section headed "Appendix IV—Statutory and General Information — D. Share Option Scheme" to this prospectus.

Except as otherwise disclosed above, no Director is entitled to receive other special benefits from our Company.

COMPETITION

Each of our Directors confirms that as of the Latest Practicable Date, except as otherwise disclosed in this prospectus, he/she did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, either directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

From time to time our non-executive Directors may serve on the boards of both private and public companies within the broader healthcare and medical device industries. However, as these non-executive Directors are neither our Controlling Shareholders nor members of our executive management team, we believe that their interests in such companies as directors would not render us incapable of carrying on our business independently from the other companies in which they may hold directorships from time to time.

KEY TERMS OF EMPLOYMENT CONTRACTS

We normally enter into employment contracts, confidentiality agreements and non-competition agreements with our senior management members and other key personnel. Below sets forth the key terms of these contracts we enter into with our senior management and other key personnel.

Confidentiality

- *Scope of confidential information.* Information that the employee shall keep confidential includes but is not limited to trade secrets, inventions, discoveries, technical updates and improvements, data (including but not limited to clinical data), design, know-how, market and sales conditions, information of distributors, customers and employee compensation of our Group and the MicroPort Group.

- *Confidential obligation.* The employee shall keep confidential information in confidence and shall not use, divulge, publish or otherwise disclose or allow to be disclosed any aspect of confidential information to any entity or person whatsoever without the written consent of our Group.

- *Confidential period.* The confidentiality obligation shall continue to be in effect after the departure of the employee.

Non-competition

Within two years from the date of the employee's departure (the "**Non-compete Period**"), the employee shall not be engaged in any work, consulting or other services of any kind for any other person or business entity that competes with the Group. The Group shall pay monthly compensation to the relevant employee during the Non-compete Period.

Service Invention

The rights and interests in any invention, discovery, utility model, design and technical solution that produced by the employee within one years from the date of the employee's departure during their employment, including but not limited to those (i) related to the employee's work or (ii) developed in whole or in part using our equipment or confidential information, shall belong to us.

Non-solicitation

The employee agrees that he/she shall not directly or indirectly, (i) solicit, induce, recruit or encourage any of our employees to leave our Group; and (ii) solicit our clients, within two years after termination of employment with our Group.

COMPLIANCE ADVISER

We have appointed Somerley Capital Limited as our compliance adviser (the "**Compliance Adviser**") pursuant to Rule 3A.19 of the Listing Rules. Our Compliance Adviser will provide us with guidance and advice as to compliance with the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, our Compliance Adviser will advise our Company in certain circumstances including:

- before the publication of any regulatory announcement, circular, or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where the business activities, development or results of our Group deviate from any forecast, estimate or other information in this prospectus; and
- where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of the Shares securities, the possible development of a false market in the Shares, or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of appointment of our Compliance Adviser shall commence on the Listing Date and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date.

OVERVIEW

As of the Latest Practicable Date, MicroPort, through its wholly-owned subsidiary Shanghai MicroPort, was indirectly interested in approximately 49.92% of the total issued share capital of our Company. Immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon the exercise of share options under the Share Option Scheme), (i) MicroPort will have an indirect interest, through Shanghai MicroPort, in approximately 45.59% of the total issued share capital of our Company; (ii) our Company will remain as an indirectly non-wholly owned subsidiary of MicroPort; and (iii) Shanghai MicroPort and MicroPort will continue to be the Controlling Shareholders of our Company. Please refer to "History, Development and Corporate Structure" for the shareholding and corporate structure of our Group.

BACKGROUND OF OUR CONTROLLING SHAREHOLDERS

MicroPort is a leading medical device company focusing on innovating, manufacturing and marketing high-end medical devices globally that has been listed on the Main Board of the Stock Exchange since 2010 (Stock Code: 00853). MicroPort maintains world-wide operations in a broad range of business segments. As of December 31, 2019, the MicroPort Group had eight major business segments, being cardiovascular devices, orthopedics devices, cardiac rhythm management business, endovascular devices, neurovascular devices, heart valve business, surgical devices and surgical robot business, offering more than 300 varieties of medical devices. In 2019, MicroPort recorded revenues of RMB793.5 million with total assets worth RMB1,598.0 million as of December 31, 2019.

Shanghai MicroPort, a wholly-owned subsidiary of MicroPort, is a limited liability company incorporated under the laws of the BVI. Shanghai MicroPort is an investment holding entity with no other business operations as of the Latest Practicable Date.

DELINEATION OF BUSINESS FROM THE RETAINED MICROPORT GROUP

There is a clear delineation between the business of the Retained MicroPort Group (the "**Retained Business**") and our business. The table below sets forth the principal businesses of our Group and the Retained MicroPort Group:

Our Group:	The business of R&D, manufacturing and sale of devices treating valvular heart diseases (the "**Principal Business**").
Retained MicroPort Group:	(i) the cardiovascular devices business offering products and services for the treatment of coronary artery-related diseases (the "**Cardiovascular Business**");
	(ii) the orthopedics devices business offering an extensive range of products that includes reconstructive joints, spine and trauma, and other professional implants and equipment;
	(iii) the cardiac rhythm management business developing, manufacturing and marketing products including defibrillators, cardiac resynchronization therapy devices and pacemakers for the diagnosis, treatment and management of heart rhythm disorders and heart failure (the "**CRM Business**");

(iv) the endovascular devices business offering a range of products and services for the interventional treatment of thoracic and abdominal aortic aneurysm, peripheral vascular disease, aortic dissection and other endovascular related diseases (the "**EV Business**"). The Retained MicroPort Group carries on the EV Business through a non-wholly owned subsidiary, Shanghai MicroPort Endovascular MedTech (Group) Co., Ltd. (上海微創心脈醫療科技(集團)股份有限公司) ("**Shanghai MicroPort Endovascular**"), which is currently listed on the science and technology innovation board of the Shanghai Stock Exchange;

(v) the neurovascular devices business offering products and services for the treatment of neurovascular diseases including cerebral aneurysms, intracranial atherosclerotic diseases, carotid artery diseases and other neurovasculature related diseases; and

(vi) the surgical robot business committed to cutting-edge research and technology integration in the fields of robot, intelligent control and information to provide innovative medical products.

As illustrated above, the Retained Business focuses on different types of medical devices that are of a different nature and have different applications from that of our Principal Business. Although the Retained MicroPort Group also engages in businesses that focus on the treatment of heart related diseases, for example the Cardiovascular Business, the CRM Business and the EV Business, the products and services of such businesses of the Retained MicroPort Group and the Principal Business of our Group are designed to treat different types of heart related diseases and are different in nature in terms of the technical requirements, treatment of diseases and applications. They are not interchangeable nor can they be replaced by each other. None of the products or R&D focus areas of the Retained MicroPort Group is related to valvular heart diseases. Please see the table below for further illustration about the difference between our Principal Business, the Cardiovascular Business, the CRM Business and the EV Business.

Businesses	Major products, services and/or business activities	Technical Requirement	Treatment of Relevant Diseases	Applications
Principal Business	VitaFlow™ and VitaFlow™ II (replacement or repair of the dysfunctional heart valve with a prosthetic heart valve through transcatheter or surgical approach)	Anti-calcification treatment of the bovine pericardium, high radial force of the frame, durability of the valve, low incidences after implantation and ease of use of the motorized delivery system are the key requirements.	Valvular heart diseases, in particular aortic stenosis, mitral regurgitation and tricuspid regurgitation.	Implantation of a prosthetic heart valve in the native aortic valve.
Cardiovascular Business	Coronary stent system (implantation of cardiovascular stent for improving luminal diameter in the stenosis site of coronary artery through Percutaneous Coronary Intervention approach (PCI))	Combining drug loading stent design and drug-eluting stent body, drug and formula design, the cycle of drug release are the key technical requirements.	Coronary heart diseases caused by artery stenosis and restenosis, myocardial infarction. Open the narrowed artery, restore blood flow and prevent the recurrence of the treated vessel narrow or blockage.	Implantation in the stenosis site of coronary artery.

Businesses	Major Products, services and/or business activities	Technical Requirement	Treatment of Relevant Diseases	Applications
CRM Business	Cardiac implantable electronic devices and other products (managing (treating and diagnosing) cardiac rhythm disorders and heart failure through fully implanting procedures)	Low-power hardware platform design of the pacemaker, automated and physiological pacing algorithms, pacemaker assembly process.	Bradycardia due to abnormal cardiac electrical conduction in the ventricle or atrium, including sick sinus syndrome, AV block.	Implantation in ventricle and atrium.
EV Business	Thoracic and abdominal aortic stent-graft (implanting the artificial stent graft on the aneurysmal aorta through minimally invasive intervention to avoid rupture of the aorta)	The stent-graft is made of Nitinol alloy stent and Dacron graft with medical suture assembly. The key technology is to prevent stent-graft endoleak, migration and fully exclude aneurysm sac.	Thoracic and abdominal aneurysm stent-graft implantation can isolate aortic aneurysms and prevent blood pressure from impacting the aneurysms, leading to vascular rupture and massive bleeding.	Implantation in the thoracic and abdominal aneurysm lesion.
	Peripheral products (clearing the plaque, thrombosis and other obstructions in the peripheral vessel by balloon, stent or rotary cutting device to restore the blood flow in the peripheral vessel)	By dilating the stenosis lesions to reopen the vascular or by removing the thrombus in vessel through the thrombectomy device. The key technology is how to more effectively clear the blockage and avoid long-term restenosis caused by smooth muscle proliferation without damaging the intima.	Peripheral vascular arteriosclerosis, iliac vein compression syndrome, deep vein thrombosis, pulmonary thrombosis.	Peripheral vascular arteriosclerosis, iliac vein compression syndrome, deep vein thrombosis, pulmonary thrombosis.

Given there is a clear delineation between the businesses of our Group and the Retained MicroPort Group, our Directors are of the view that the Retained Business does not compete and is unlikely to compete, directly or indirectly, with our Group's business.

INDEPENDENCE OF OUR GROUP FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently from our Controlling Shareholders after the Listing.

Operational and Administrative Independence

We have full rights to make all decisions on, and to carry out, our own business operation independently from our Controlling Shareholders and their respective close associates and will continue to do so after the Listing. Our business model involves the use of our own technology, facilities and funds to carry out R&D of devices treating valvular heart diseases. Our Group is able to operate without reliance on the Retained MicroPort Group on the following basis:

Research and Development

We have our own R&D center in Shanghai, which is operated independently from the R&D centers of the Retained MicroPort Group. Our R&D team comprised 50 members as of the Latest Practicable Date, who are all full time employees of our Group and do not hold any position in the Retained MicroPort Group. In addition, our Group owned over 130 patents for our operations and is the sole owner of such patents, which are required for the R&D and manufacturing of the products of our Group. With such independent R&D center, experienced and independent R&D team and solely-owned patents, our Group has all the requisite resources to carry on the R&D process independently. Currently, all of our on-going R&D process, including preclinical studies, clinical trials, post-market clinical studies, are conducted independently by our R&D team without reliance on any patented technology or personnel of the Retained MicroPort Group. Thus, our Group is capable of independently carrying on the R&D process without reliance on the Retained MicroPort Group.

Sourcing and Manufacturing

We have our own production facilities, which are different from and not interchangeable with the production facilities of the Retained MicroPort Group. The production personnel of our Group and the Retained MicroPort Group are trained differently and possess different skills and there exists no sharing of production facilities and production personnel between our Group and the Retained MicroPort Group. We have been leasing a premise from an Independent Third Party for production and obtained the production license from Shanghai NMPA for such premise, which is required under applicable laws and regulations in the PRC.

One of our production premises is located in the office building leased from the Retained MicroPort Group, and we expect to continue to rent the premise from the Retained MicroPort Group after the Listing to avoid unnecessary relocation cost. The relevant lease arrangements constitute connected transaction of our Company. For details, see "Connected Transactions — One-off Connected Transaction" of this prospectus. Our Directors believe such lease from the Retained MicroPort Group will not give rise to any reliance issue due to the following reasons:

(i) the terms of the lease were on normal commercial terms and the pricing terms were determined with reference to a valuation report prepared by an Independent Third Party, the prevailing market rates for similar properties in the same area, the leased acreage and the property management costs for the premise. Thus, our Directors are of the view that the rent is fair and reasonable and in the interest of our Company and our Shareholders as a whole; and

(ii) in anticipation of the future expansion of the manufacturing of VitaFlow™ and future new products, we have rented new premises from Independent Third Parties, and have obtained the relevant production licenses to avoid unnecessary interruption to our production.

Procurement

We have our own procurement team independent from the Retained MicroPort Group. The Retained MicroPort Group and we have been and will be carrying out respective selection of suppliers independently in accordance with respective supplier management system. Our procurement team may select supplier candidates from respective supplier list or reach out to supplier candidates, which are not within the list according to specific procurement demand. Our procurement team runs the supplier selection process and the procurement process independently, negotiate the terms of the procurement agreements with the suppliers directly and independently.

Overlapping suppliers between the Retained MicroPort Group and our Group

During the Track Record Period, our procurement team may sometimes select supplier candidates from the supplier list of the Retained MicroPort Group and collect fee quotes from them, and supplier candidates initially identified and approached by us were also added into the supplier list of the Retained MicroPort Group. Our Directors are of the view that procurement from overlapping suppliers does not affect the business delineation between the Retained MicroPort Group and us, or result in any reliance issue, on the following basis:

(i) as set out above, we have established our own supplier list, which is separate from that of the Retained MicroPort Group. We have full discretion to select our suppliers, and all the terms of the procurement agreements are negotiated directly and independently;

(ii) as set out above, during the Track Record Period, supplier candidates initially identified and approached by us were also added into the supplier list of the Retained MicroPort Group. Although the Retained MicroPort Group has procured services and materials from such suppliers, their transaction amounts with us are much higher compared with that with the Retained MicroPort Group;

(iii) among the products procured from the overlapping suppliers, low-consumption standard products such as computers and screws and low-value consumables such as masks and alcohol cleaners are readily available from third party suppliers in the market. Since the supplier candidates in the supplier list of the Retained MicroPort Group have already passed its strict selection process, and are believed to be able to supply high quality products at competitive price, we finds it commercially sensible to collect quotes from them and compare with the terms offered by other supplier candidates. The rest of the products procured from the overlapping suppliers are customized products, such as implanted nickel-titanium materials (植入類鎳鈦材料) and implanted high-molecular tubular products (植入類高分子管材). Most of suppliers of the customized products are high profile and sizable suppliers in the medical devices industry; and

(iv) the procurement amount from each overlapping supplier is relatively low. The low supplier concentration minimizes the risk that may be caused by potential change of any single supplier.

Procurement from the Retained MicroPort Group

We procured certain services and raw materials from the Retained MicroPort Group during the Track Record Period and expect to continue certain procurements after the Listing. For details, see "Connected Transactions — Continuing Connected Transactions — B. Non-exempt Continuing Connected Transactions" of this prospectus. In 2018, 2019 and the seven months ended July 31, 2020, total purchases from the Retained MicroPort Group accounted for approximately 28.2%, 15.8% and 8.4% of our total purchases, respectively, and the purchases which will continue and constitute continuing connected transactions upon the Listing only accounted for approximately 5.1%, 5.4% and 6.3% of our total purchases for the respective corresponding period. Our Directors believe such procurements from the Retained MicroPort Group will not give rise to any reliance issue due to the following reasons:

(i) The procurement of product testing services: We have the capability to and currently plan to establish our own testing center to meet our increasing product testing demand. Before the establishment of our own testing center, the Retained MicroPort Group will continue to provide such services for us.

(ii) The procurement of balloon processing services, sterilization services, animal test services and numerical simulation services: The fee rate for such services was determined through arm's length negotiation primarily based on the cost of provisions of such services and the procurement volume, with reference to the fees charged for historical transactions of similar nature and the prevailing market rate of such services. Thus, our Board is of the view that the service fee rate is fair and reasonable and it is commercially sensible for us and in the interest of our Company and our Shareholders as a whole to procure such services from the Retained MicroPort Group without taking into consideration its shareholding in our Company. Moreover, all of these services are readily available from third party suppliers and if their terms of supply are more favorable for us, we will procure such services from such third party suppliers.

(iii) The procurement of raw materials: We are able to procure all of our key raw materials and materials produced by third parties directly and independently. As for the raw materials we expect to continue to procure from the Retained MicroPort Group, such as evacuation tube, outer tube and inner tube, and the new raw materials we plan to procure from the Retained MicroPort Group, such as nitinol tube and PTFE sheath, which are produced by a subsidiary of the Retained MicroPort Group, the price was determined through arm's length negotiation primarily based on the production cost and volume, with reference to the prevailing market price of such raw materials of the same quality. Thus, our Board is of the view that the price is fair and reasonable and it is commercially sensible for us and in the interest of our Company and our Shareholders as a whole to procure such raw materials from the Retained MicroPort Group without taking into consideration its shareholding in our Company. Moreover, such raw materials can be readily sourced at similar quality and terms from third party suppliers.

Upon the Listing, we will continue to make efforts to ensure that, as a percentage of our total purchases, the purchases from the Retained MicroPort Group will decrease gradually for the three years ending December 31, 2023.

Sales and Marketing

We have our independent sales and marketing teams and channels. Members of our marketing team were recruited by our Group independently, and most of them have prior working experience at other medical devices companies which are not affiliated with the Retained MicroPort Group. We have also established our own distributor network independent from the Retained MicroPort Group.

Each of the Retained MicroPort Group and our Group entered into distribution agreements with their distributors independently, the distribution agreements of the Retained MicroPort Group and our Group are not bundled together, and neither the Retained MicroPort Group nor our Group will generate any benefits by virtue of the sales of the other to the overlapping distributors.

We had two overlapping distributors with the Retained MicroPort Group during the Track Record Period. However, the overlapping distributors' revenue contributions to our Group are relatively low, and their distribution agreements with our Group have already been terminated in 2019. We expect that all of our distributors will not overlap with distributors of the Retained MicroPort Group after the Listing and we will continue to develop our own distribution channel independent of that of the Retained MicroPort Group.

Administration

We have independent R&D center and production facilities, full time management team and team of staff to carry out its own administration and operation independent of the Retained MicroPort Group. The support services comprising accounting, administration, corporate secretarial, compliance and human resource management will also continue to be handled by a team of staff employed directly by our Group and are separated from the Retained MicroPort Group. As all key administrative function of our Group will be carried out by our own without reliance on the support of the Retained MicroPort Group, we will remain administratively independent after the Listing.

Connected Transactions with Our Controlling Shareholders

The connected transactions set out in "Connected Transactions" of this prospectus were and will be conducted in the ordinary and usual course of business of our Group, on an arm's length basis and on normal commercial terms or better. Furthermore, the risk of the Retained MicroPort Group terminating the connected transactions is remote as the parties under the relevant agreements have limited termination rights and the termination would not be in the commercial interest of the Retained MicroPort Group in commercial aspect. In an unlikely event that the Retained MicroPort Group terminates any connected transaction with us, given the reasons set out above, we do not consider such termination will materially and adversely affect our business.

Based on the above, our Directors believe that we are able to operate independently from our Controlling Shareholders and their respective close associates.

Management Independence

Save as disclosed below, our Company and the Retained MicroPort Group have their respective directors and management teams independent of each other. Our Board consists of nine Directors, comprising three executive Director, three non-executive Directors and three independent non-executive Directors. See "Directors and Senior Management" for further details. Of the nine

Directors, two non-executive Directors and one independent non-executive Director currently hold positions in the Retained MicroPort Group, details of which are set out below:

Name	Positions, Roles and Responsibilities in the Retained MicroPort Group
Dr. Luo Qiyi (羅七一)	Chief technology officer, member of the Intercontinental Cardiac Rhythm Management Committee, and Greater China Executive Committee of MicroPort responsible for R&D
Mr. Zhang Junjie (張俊傑)	Director of Shanghai MicroPort Endovascular responsible for participating in decision-making for the development of Shanghai MicroPort Endovascular
Mr. Jonathan H. Chou (周嘉鴻)	Independent non-executive director of MicroPort responsible for giving strategic advice and guidance to the business and operations of the MicroPort Group

Our Directors are of the view that our Group will be managed and will operate independently of each other in the interests of their respective shareholders as a whole on the following basis:

(i) none of our executive Directors and senior management members, who are responsible for the day-to-day management of our Group's business, has any ongoing role with the Retained MicroPort Group;

(ii) a majority of the members of our Board will be independent of the Retained MicroPort Group;

(iii) should there be a conflict of interest or a connected transaction between our Company (on one hand) and members of the Retained MicroPort Group (on the other hand), the relevant common directors will abstain from voting on, and will not be counted in the quorum for, the relevant board resolution(s) of our Company. There would be sufficient quorum for the board meetings of MicroPort and our Company if the common directors abstain from voting due to conflict of interest; and

(iv) our Company will adopt corporate governance policies, including but not limited to, rules relating to the procedure for board meetings and decision-making protocols on conflict of interest and connected transactions, setting out circumstances that require the relevant common directors to abstain from voting on, and not to be counted in the quorum for, the relevant board resolutions. Moreover, the Retained MicroPort Group will abstain from voting on the relevant resolutions in the meetings of shareholders. Thus, we would be operated and managed independently in the interests of our Shareholders as a general body, and not in the interests of the Retained MicroPort Group only.

Financial Independence

We are able to finance our own operations. As of the Latest Practicable Date, we did not have any outstanding loans owing to the Retained MicroPort Group, and we did not have any share pledges or guarantees provided by the Retained MicroPort Group and their respective associates on our borrowing. We have our own internal control and accounting systems, accounting and finance department, independent treasury function for cash receipts and payment and independent access to

third party financing. In addition, we have obtained a credit facility of up to RMB70 million from the Zhangjiang Science and Technology branch of Shanghai Pudong Development Bank Co., Ltd.. On the basis of the foregoing, we believe we are able to maintain financial independence from the Retained MicroPort Group.

CORPORATE GOVERNANCE MEASURES

We will comply with the provisions of the Corporate Governance Code set forth in Appendix 14 to the Listing Rules, which sets out the principles of good corporate governance.

Our Directors believe that there are adequate corporate governance measures in place to manage existing and potential conflicts of interest. In order to further avoid potential conflicts of interest, we have implemented the following measures:

(i) as part of our preparation for the Global Offering, we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provided that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his associates have a material interest nor shall such Director be counted in the quorum present at the meeting;

(ii) a Director with material interests shall make full disclosure in respect of matters that may have conflict or potentially conflict with any of our interest and abstain from the board meetings on matters in which such Director or his associates have a material interest, unless the attendance or participation of such Director at such meeting of our Board is specifically requested by a majority of the independent non-executive Directors;

(iii) we are committed that our Board should include a balanced composition of executive Directors and independent non-executive Directors. We have appointed independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. Details of our independent non-executive Directors are set out in the section headed "Directors and Senior Management — Board of Directors" in this prospectus;

(iv) the independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between our Group and any Controlling Shareholder (the "**Annual Review**") and provide impartial and professional advice to protect the interests of our minority Shareholders;

(v) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its annual reports or by way of announcements;

(vi) we have established internal control mechanisms to identify connected transactions. Upon the Listing, if we enter into connected transactions with any Controlling Shareholder or any of their associates, we will comply with the applicable Listing Rules;

(vii) as required by the Listing Rules, our independent non-executive Directors shall review connected transactions annually and confirm in our annual report that such transactions

have been entered into in our ordinary and usual course of business, are on normal commercial terms or better and on terms that are fair and reasonable and in the interests of our Shareholders as a whole;

(viii) should there be a conflict of interest or a connected transaction between our Company (on one hand) and members of the Retained MicroPort Group (on the other hand), the relevant common directors will abstain from voting on, and will not be counted in the quorum for, the relevant board resolution(s) of our Company;

(ix) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expenses; and

(x) we have appointed Somerley Capital Limited as our compliance adviser, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to Directors' duties and corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Group and our Controlling Shareholders, and to protect our minority Shareholders' interests after the Listing.

OVERVIEW

Prior to the Listing, our Group has entered into certain transactions with parties who will, upon the Listing, become connected persons of our Company. Details of such continuing connected transactions and one-off connected transaction of our Company following the Listing are set out below.

RELEVANT CONNECTED PERSONS

Upon completion of the Global Offering, the following entities with whom we have entered into transactions will be regarded as our connected persons under the Listing Rules:

Connected Person	Connected Relationship
Shanghai MicroPort Medical	Shanghai MicroPort Medical (Group) Co., Ltd. (上海微創醫療器械（集團）有限公司), a wholly-owned subsidiary of MicroPort.

ONE-OFF CONNECTED TRANSACTION

Zhangjiang Property Lease Agreement

Description of the Transaction

Principal Terms

We have entered into a property lease agreement ("**Zhangjiang Property Lease Agreement**") with Shanghai MicroPort Medical, pursuant to which, Shanghai MicroPort Medical agreed to, lease to us a premise with a total gross area of approximately 2,906.95 sq.m. (the "**Zhangjiang Leased Premise**"), as our office building for the purposes of operations and our production premise for manufacturing our products. Details of the Zhangjiang Property Lease Agreement are set out below:

Date of the agreement	Term of the lease	Landlord	Tenant	Location of the Premise	Total Area
January 1, 2020	From January 1, 2020 to December 31, 2022	Shanghai MicroPort Medical	MP CardioFlow	No. 1601 Zhangdong Road, Zhangjiang Hi-Tech Park, Pudong New District, Shanghai	2,906.95 sq.m.

The Zhangjiang Property Lease Agreement was entered into (i) in the ordinary and usual course of business of our Group, (ii) on arm's length basis, and (iii) on normal commercial terms with the rent being determined with reference to, among others, the prevailing market rates for similar properties in the same area, the leased acreage and the corresponding property management costs for the Zhangjiang Leased Premise.

The balance of the lease liabilities, being the present value of the lease payments recognized by our Group in relation to the Zhangjiang Leased Premise according to HKFRS 16 as of July 31, 2020 amounted to RMB10.7 million. For the years ended December 31, 2018 and 2019 and seven months ended July 31, 2020, the value of the right-of-use assets acquired by us from Shanghai MicroPort Medical were approximately RMB11.7 million, RMB6.3 million and RMB0.6 million, respectively.

Reasons for and Benefits of the Transaction

We have been leasing premises and sharing the office building with the Retained MicroPort Group for operation since the establishment in 2015 and using the Zhangjiang Leased Premise as one of the production premises for manufacturing our products during the Track Record Period. To avoid unnecessary interruption of the administration and extra relocation cost of manufacturing facilities. The continuation of such leases is cost efficient and is beneficial to our operations.

In light of the above, our Directors are of the view that such arrangement is fair and reasonable and in the best interest of our Group and our Shareholders as a whole.

Listing Rules Implications

In accordance with HKFRS 16 "Leases", our Group recognized a right-of-use asset on the statement of financial position in connection with the lease of the Zhangjiang Leased Premise from the Retained MicroPort Group. Therefore, the lease of the Zhangjiang Leased Premise from Shanghai MicroPort Medical under the Zhangjiang Property Lease Agreement is regarded as an acquisition of a capital asset of our Group and a one-off connected transaction entered into by our Group prior to the Listing, rather than a continuing connected transaction, for the purposes of the Listing Rules. Accordingly, the reporting, announcement, annual review, circular and independent shareholders' approval requirements in Chapter 14A of the Listing Rules will not be applicable to it.

CONTINUING CONNECTED TRANSACTIONS

The following table sets forth a summary of our continuing connected transactions. Given substantially all of the revenue of our Group in 2019 was derived from the sale of VitaFlow™, which was officially launched in August 2019, the revenue ratio would not be an appropriate measure of the size of the continuing connected transactions set out in this section and is not indicative of the size of the transaction as compared to a full year's results of our Group. As an alternative, we have applied a percentage ratio test based on the total expenses for R&D and administrative matters of our Group.

Transaction	Applicable Listing Rules	Waiver Sought	Proposed Annual Caps for the Year Ending December 31,		
			2021	2022	2023
			(RMB in thousands)		
A. Fully Exempt Continuing Connected Transactions					
Trademark Licensing Agreement	LR14A.76(1)(a)	N/A	N/A	N/A	N/A
Beijing Property Lease Agreements . . .	LR14A.76(1)(a)	N/A	N/A	N/A	N/A
B. Non-exempt Continuing Connected Transactions					
Procurement of Services	LR14A.34 to 14A.36, 14A.49, 14A.51 to 14A.59 and 14A.71	Waiver from announcement and independent shareholders' approval requirements	11,250	16,950	10,500
Procurement of raw materials	LR14A.34 to 14A.36, 14A.49, 14A.51 to 14A.59 and 14A.71	Waiver from announcement and independent shareholders' approval requirements	23,000	38,000	39,000

A. Fully Exempt Continuing Connected Transactions

Trademark Licensing Agreement

MP CardioFlow and Shanghai MicroPort Medical entered into a trademark licensing agreement (the "**Trademark Licensing Agreement**") on January 21, 2021, pursuant to which Shanghai MicroPort Medical agreed to irrevocably and unconditionally grant our Group a license to use the certain trademarks which have been or are being registered by Shanghai MicroPort Medical in the PRC and other jurisdictions for our use in connection with our operations on a royalty-free basis for a term of ten years commencing from January 1, 2017.

As the license of the trademarks granted by Shanghai MicroPort Medical to us is on a royalty-free basis, the transactions under the Trademark Licensing Agreement fall within the de minimis threshold under Rule 14A.76(1)(a) of the Listing Rules and are exempt from the annual review, reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. We believe that entering into the Trademark Licensing Agreement with a term of ten years, which is more than three years, can ensure the stability of the operations of our Group, and is in the interest of our Company and our Shareholders as a whole and will be beneficial to our Group. Having considered the terms of the Trademark Licensing Agreement, the Joint Sponsors are of the view that it is commercially justifiable and normal business practice for agreements of similar nature to be of such duration.

Beijing Property Lease Agreements

We have entered into two property lease agreements (the "**Beijing Property Lease Agreements**") with Shanghai MicroPort Medical, pursuant to which, Shanghai MicroPort Medical agreed to lease to us premises in Beijing with a total gross area of approximately 37.57 sq.m. (the "**Beijing Leased Premises**") as our offices. Details of the Beijing Property Lease Agreements are set out below:

No.	Date of the agreement	Term of the lease	Landlord	Tenant	Location of the Premise	Total Area
1.	December 20, 2018	From December 20, 2018 to December 19, 2021	Shanghai MicroPort Medical	Beijing Chenxue	Room 1502, No. 2, Xizhimen South Street, Xicheng District, Beijing	26.57 sq.m.
2.	March 16, 2020	From March 16, 2020 to December 31, 2022		MP CardioFlow, Beijing Branch	Room 1503(C), No. 2, Xizhimen South Street, Xicheng District, Beijing	11 sq.m.

The Beijing Property Lease Agreements were entered into (i) in the ordinary and usual course of business of our Group, (ii) on arm's length basis, and (iii) on normal commercial terms with the rent

being determined with reference to, among others, the prevailing market rates for similar properties in the same area and the leased acreage for the Beijing Property Leased Premises.

As each of the applicable percentage ratios (other than the profit ratio) is expected to be, on an annual basis, less than 0.1%, the transactions under the Beijing Property Lease Agreements are exempt from the annual review, reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

B. Non-exempt Continuing Connected Transactions

Following the Listing, the following transactions will be regarded as continuing connected transactions subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules following the Listing.

Master Service Procurement Agreement

Our Company (for itself and on behalf of its subsidiaries) and Shanghai MicroPort Medical (for itself and on behalf of its subsidiaries) entered into the Master Service Procurement Agreement on January 21, 2021, pursuant to which our Group will procure animal test services, balloon processing services, sterilization services, product testing services and numerical simulation service from the Retained MicroPort Group.

Principal Terms

The Master Service Procurement Agreement has an initial term commencing from the Listing Date till December 31, 2023. Subject to compliance with Listing Rules and applicable laws and regulations, the Master Service Procurement Agreement may be renewed for a further term of three years from time to time, unless either party notifies the other party to the contrary with one months' written notice prior to the expiry of the agreement's term. Upon renewal of the Master Service Procurement Agreement, the parties may amend the terms of the agreement based on the then prevailing circumstances.

Pricing Policy

The service fee has been and will be determined through arm's length negotiation primarily based on the cost of provisions of such services (such as the labor cost and the cost of consumables used for providing the services) and the procurement volume of each type of service, with reference to a number of factors applicable to all service providers, including but not limited to the nature, complexity, and value of tasks completed by Retained MicroPort Group under each work order, quantity and sourcing of materials, the method of delivery, the fees charged for historical transactions of similar nature and the then prevailing market rates based on same supply conditions and technical specifications by obtaining and comparing against fee quotes provided by other third-party suppliers. Each of the services provided by the Retained MicroPort Group can be readily sourced from third-party suppliers. We have been identifying alternative suppliers for such services and we will engage Retained MicroPort Group to provide such services if they are provided to our Group on normal commercial terms or better when compared with other third-party suppliers. We believe that our procurement of services from the Retained MicroPort Group does not constitute any undue reliance on it. For details, please see "Relationship with our Controlling Shareholders—Independence of Our

Group from Our Controlling Shareholders—Operational and Administrative Independence—Procurement."

Our procurements of services from the Retained MicroPort Group have been and will be conducted in the ordinary and usual course of business of our Group, on an arm's length basis and on normal commercial terms or better. Furthermore, the risk of the Retained MicroPort Group terminating the connected transactions is remote as the parties under the relevant agreements have limited termination rights and the termination would not be in the commercial interest of the Retained MicroPort Group in commercial aspect. In an unlikely event that the Retained MicroPort Group terminates any connected transaction with us, given the reasons set out above and in the section headed "Relationship with Our Controlling Shareholders—Independence of Our Group from Our Controlling Shareholders—Operational and Administrative Independence—Procurement", we do not consider such termination will materially and adversely affect our business.

Reasons for and Benefits of the Transactions

As we are a biotechnology medical device company, the services provided by the Retained MicroPort Group are essential to our development and manufacturing process and such services require sophisticated technologies and knowledge that are better handled by service providers with such capabilities. The Retained MicroPort Group has been providing for our Group the animal test services, balloon processing services, sterilization services and product testing services of good quality at reasonable fee rate during the Track Record Period, and started to provide the numerical simulation service for our Group in 2020. Due to the geographical proximity and long-term and stable cooperation relationship between the Retained MicroPort Group and us, we believe the Retained MicroPort Group will provide such services to us in a timely and cost-efficient manner. Thus, we are of the view that continuous procurement of the services from the Retained MicroPort Group are in the interest of our Company and our Shareholders as a whole and will be beneficial to our Group.

Historical Transaction Amounts

The following table sets forth the historical transaction amounts of the procurement of animal test services, balloon processing services, sterilization services, product testing services and numerical simulation services by our Group from the Retained MicroPort Group during the Track Record Period:

	For the year ended December 31,		For the seven months ended July 31,
Service	**2018**	**2019**	**2020**
		(RMB in thousands)	
Animal test services	—	298	17
Balloon processing services	437	1,001	581
Sterilization services	162	216	118
Product testing services	284	1,737	1,250
Numerical simulation services	330	—	—
Total	**1,213**	**3,252**	**1,966**

Annual Caps

The following table sets forth the proposed annual caps for the transaction amounts under the Master Service Procurement Agreement：

Service	For the year ending December 31,		
	2021	2022	2023
	(RMB in thousands)		
Animal test services	750	750	1,500
Balloon processing services	3,400	6,300	6,500
Sterilization services	800	1,100	1,200
Product testing services	6,000	8,500	1,000*Note*
Numerical simulation service	300	300	300
Total	**11,250**	**16,950**	**10,500**

Note:
The Company plans to establish its own product testing center in 2023. Therefore, the annual cap for product testing services decreases significantly in 2023.

The proposed annual caps were in line with the development and manufacturing plan of our Group. Considering the nature of the transactions under the Master Service Procurement Agreement, the transaction amounts for such transactions are also expected to increase along with the development and commercialization of our products and product candidates. Since (i) VitaFlow™ has just been launched in August 2019 and the Company expects to further advance the sales of VitaFlow™ in the near future, and (ii) according to our manufacturing and R&D schedule, most of the services were provided by Shanghai MicroPort Medical in the second half of 2020, which are not reflected in the historical transaction amount for the seven months ended July 31, 2020, the historical amounts for the connected transactions for Track Record Period are not directly comparable to the proposed annual caps.

The proposed annual caps were estimated with reference to, amongst others, (i) the historical transaction amounts as set out above; (ii) anticipated increasing demand for balloon processing services, sterilization services and product testing services from Shanghai MicroPort Medical which is primarily driven by the R&D and registration progress of our product candidates for the next three years and the estimated increasing production volume of VitaFlow™; (iii) the historical or agreed future service fee rate and the expected increase of the infrastructure maintenance costs and labor cost of the service provider; and (iv) the relevant service provision capacity of Shanghai MicroPort Medical.

Master Raw Materials Procurement Agreement

Our Company (for itself and on behalf of its subsidiaries) and Shanghai MicroPort Medical (for itself and on behalf of its subsidiaries) entered into the Master Raw Materials Procurement Agreement on January 21, 2021, pursuant to which our Group will procure certain raw materials (the "**Raw Materials**"), such as evacuation tubes, outer tubes, inner tubes, nitinol tubes and PTFE sheathes, from the Retained MicroPort Group.

Principal Terms

The Master Raw Materials Procurement Agreement has an initial term commencing from the Listing Date till December 31, 2023. Subject to compliance with Listing Rules and applicable laws and regulations, the Master Raw Materials Procurement Agreement may be renewed for a further term of three years from time to time, unless either party notifies the other party to the contrary with one months' written notice prior to the expiry of the agreement's term. Upon renewal of the Master Raw Materials Procurement Agreement, the parties may amend the terms of the agreement based on the then prevailing circumstances.

Pricing Policy

These prices have been and will be determined through arm's length negotiation primarily based on the production cost of the Raw Materials and our procurement volume, with reference to a number of factors applicable to all suppliers, including but not limited to the market price of the products, quantity and method of procurement, specifications of the products, the fees charged for historical transactions of similar nature and the prevailing market price of such Raw Materials of the same quality. Each of the Raw Materials can be readily sourced from third-party suppliers. We have been identifying alternative suppliers for the Raw Materials and we will engage Retained MicroPort Group to provide such Raw Materials if they are provided to our Group on normal commercial terms or better when compared with other third-party suppliers. We believe that our procurement of Raw Materials from the Retained MicroPort Group does not constitute any undue reliance on it. For details, please see "Relationship with our Controlling Shareholders—Independence of Our Group from Our Controlling Shareholders—Operational and Administrative Independence—Procurement."

Our procurements of Raw Materials from the Retained MicroPort Group have been and will be conducted in the ordinary and usual course of business of our Group, on an arm's length basis and on normal commercial terms or better. Furthermore, the risk of the Retained MicroPort Group terminating the connected transactions is remote as the parties under the relevant agreements have limited termination rights and the termination would not be in the commercial interest of the Retained MicroPort Group in commercial aspect. In an unlikely event that the Retained MicroPort Group terminates any connected transaction with us, given the reasons set out above and in the section headed "Relationship with Our Controlling Shareholders—Independence of Our Group from Our Controlling Shareholders—Operational and Administrative Independence—Procurement", we do not consider such termination will materially and adversely affect our business.

Reasons for and Benefits of the Transactions

We plan to procure the Raw Materials from the Retained MicroPort Group as the prices are more favorable as compared to other third party suppliers. The production of the Raw Materials requires specialized production line, facilities and personnel. The Retained MicroPort Group currently has such production capacity, and offers to provide customization of such products for independent third parties, while we do not have or plan to build up such production capacity. Thus, it is commercially sensible to procure the Raw Materials from the Retained MicroPort Group or Independent Third Parties instead of building up our own production capacity solely for the purpose of producing the Raw Materials. The Raw Materials are produced by Retained MicroPort Group with high quality, stable and quick delivery in reasonable price could satisfy and ensure our efficient

commercialized production of our products and further product candidates. Accordingly, we are of the view that continuous procurement of the Raw Materials from Retained MicroPort Group are in the interest of our Company and our Shareholders as a whole and will be beneficial to our Group.

Historical Transaction Amounts

The following table sets forth the historical transaction amounts of the procurement of the Raw Materials by our Group from the Retained MicroPort Group during the Track Record Period:

For the year ended December 31,		For the seven months ended July 31,
2018	**2019**	**2020**
	(RMB in thousands)	
7	326	236

Annual Caps

The following table sets forth the proposed annual caps for the transaction amounts under the Master Raw Materials Procurement Agreement：

For the year ending December 31,		
2021	**2022**	**2023**
	(RMB in thousands)	
23,000	38,000	39,000

The proposed annual caps were in line with the development and manufacturing plan of our Group. Considering the nature of the transactions under the Master Raw Materials Procurement Agreement, the transaction amounts for such transactions are also expected to increase along with the development and commercialization of our products and product candidates.

The proposed annual caps were estimated with reference to, amongst others, (i) the historical purchase volume of the Raw Materials by our Group from the Retained MicroPort Group; (ii) the unit price of such Raw Materials; (iii) anticipated increasing demand for such Raw Materials from the Retained MicroPort Group which is primarily driven by the R&D, registration and commercialization progress of our product candidates and the estimated increasing production volume of VitaFlow™; (iv) the expected increase in the production and supply capacity of the Retained MicroPort Group; and (v) the potential price fluctuation of the Raw Materials.

Due mainly to the following reasons, the annual caps for the three years ending December 31, 2023 are significantly higher than the historical transaction amount for Track Record Period:

(i) VitaFlow™ has just been launched in August 2019 and the Company expects to further advance the sales of VitaFlow™ in the near future; and

(ii) the Company currently expects that VitaFlow™ II will be registered in China in 2021 and will be subsequently commercially launched in China; and

(iii) the Retained MicroPort Group recently built up its production capacity of certain new raw materials (the "**New Raw Materials**") such as nitinol tube and PTFE sheath, which are needed by our Group for expanded production. We used to procure such New Raw

Materials from overseas suppliers. As (i) the prices offered by the Retained MicroPort Group are more favorable, (ii) the New Raw Materials are produced by Retained MicroPort Group with high quality, and (iii) the stable and quick delivery offered by the Retained MicroPort Group could satisfy and ensure the efficient commercialized production of our products and product candidates, we plan to change the sourcing of the New Raw Materials from the overseas suppliers to the Retained MicroPort Group. The New Raw Materials are not substitutes of the raw materials we have procured from the Retained MicroPort Group during the Track Record Period. The unit value of the New Raw Materials (ranging from RMB300 - RMB2,200) is significantly higher as compared to the raw materials we have procured from the Retained MicroPort Group during the Track Record Period (below RMB150), thus the expected future procurement of the New Raw Materials accounts for a significant portion of over 95% of our annual caps. According to the Company's management accounts, the historical purchase amount from the original overseas suppliers for such New Raw Materials was approximately RMB8 million for 2019 and RMB18 million for 2020. The sharp increase in the annual caps for transactions under the Master Raw Materials Procurement Agreement was mainly due to the expected procurement of the New Raw Materials. Taking into consideration the historical purchase for such New Raw Materials, the Company believes that the annual caps for the three years ending December 31, 2023 are fair and reasonable.

Listing Rules Implications

As the highest of the applicable percentage ratios (other than the profit ratio) calculated for the purpose of Chapter 14A of the Listing Rules will exceed 5%, the transactions under the Master Service Procurement Agreement and Master Raw Materials Procurement Agreement are continuing connected transactions subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

WAIVER APPLICATION FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

By virtue of Rule 14A.76(2) of the Listing Rules, each of the transactions under the sub-section "—B. Non-Exempt Continuing Connected Transactions" will constitute connected transactions subject to reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the above non-exempt continuing connected transactions are expected to continue on a recurring, continuing basis and will extend over a period of time, our Directors consider that compliance with the above announcement and independent shareholders' approval requirements would be impractical, unduly burdensome and would impose unnecessary administrative costs on our Company.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver to us under Rule 14A.105 of the Listing Rules from strict compliance with the announcement and independent shareholders' approval requirements in respect of the above non-exempt continuing connected transactions. In addition, we confirm that our Company will comply at all time with the other applicable provisions under the Listing Rules in respect of the discloseable and non-exempt continuing connected transactions.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions referred to in this prospectus, our Company will take immediate steps to ensure compliance with such new requirements within a reasonable time.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including the independent non-executive Directors) are of the view that: (i) the non-exempt continuing connected transactions as set out above have been and will be entered into in the ordinary and usual course of business of our Group, on normal commercial terms or terms better to us, that are fair and reasonable and in the interest of us and our Shareholders as a whole; and (ii) the proposed annual caps for these non-exempt continuing connected transactions described above are fair and reasonable and in the interest of us and our Shareholders as a whole.

CONFIRMATION FROM THE JOINT SPONSORS

The Joint Sponsors have reviewed the relevant information and historical figures (if any) prepared and provided by our Company in relation to the continuing connected transactions described in this section. Based on the Joint Sponsors' due diligence, the Joint Sponsors are of the view that: (i) the non-exempt continuing connected transactions have been and will be entered into in the ordinary and usual course of business of our Company, on normal commercial terms or better, which are fair and reasonable, and in the interests of our Group and Shareholders of our Company as a whole; and (ii) the proposed annual caps in respect of such transactions are fair and reasonable and in the interests of our Group and Shareholders of our Company as a whole.

So far as our Directors are aware, immediately following the completion of the Global Offering and assuming that the Over-allotment Option is not exercised, the outstanding share options granted under the Share Option Scheme are not exercised and each Preferred Share will be converted to one Share upon the Global Offering becoming unconditional, the following persons will have interests and/or short positions (as applicable) in the Shares or underlying shares of our Company, which would be required to be disclosed to us and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of our Company or any other members of our Group:

Long Positions in the Shares of our Company

Name of substantial shareholder	Nature of interest	Number of Shares	Approximate percentage of interest in our Company immediately following the completion of the Global Offering (assuming Over-allotment Option is not exercised)	Approximate percentage of interest in our Company immediately following the completion of the Global Offering (assuming Over-allotment Option is fully exercised)
Shanghai MicroPort (1)	Beneficial interest	1,078,650,680	45.59%	45.00%
Shanghai Huahao (2)	Beneficial interest	191,681,040	8.10%	8.00%
CICC Kangrui (3)	Beneficial interest	181,592,220	7.67%	7.58%
Qianyi Investment (4)	Beneficial interest	150,000,000	6.34%	6.26%

Notes:

(1) As of the Latest Practicable Date, Shanghai MicroPort was wholly owned by MicroPort. Therefore, MicroPort was deemed to be interested in the Shares that Shanghai MicroPort was interested in under the SFO.

(2) As of the Latest Practicable Date, each of Tianjin Huajie Enterprise Management Advisors Partners, L.P. (as the general partner of Shanghai Huahao), Tianjin Huaqing Enterprise Management Advisors Co., Ltd. (as the general partner of Tianjin Huajie Enterprise Management Advisors Partners, L.P.), Shanghai Weihong Investment Co., Ltd. (as the largest shareholder holding 51% of the equity interests in Tianjin Huaqing Enterprise Management Advisors Co., Ltd.), Huagan (Shanghai) Business Consulting Co., Ltd. (as the sole shareholder of Shanghai Weihong Investment Co., Ltd.), CR INVESTMENT (HK) LIMITED (as the sole shareholder of Huagan (Shanghai) Business Consulting Co., Ltd.), CR Investments Corporation (as the sole shareholder of CR INVESTMENT (HK) LIMITED), China Renaissance Holdings Limited (a company listed on the Stock Exchange with stock code 1911, as the sole shareholder of CR Investments Corporation) was deemed to be interested in the Shares that Shanghai Huahao was interested in under the SFO.

(3) As of the Latest Practicable Date, CICC Kangzhi (Ningbo) Equity Investment Management Co., Ltd. (中金康智（寧波）股權投資管理有限公司) "**CICC Kangzhi**") was the general partner of CICC Kangrui. As confirmed by CICC Kangrui, CICC Kangzhi was controlled by CICC Capital Management Co., Ltd. (中金資本運營有限公司), which is a wholly owned subsidiary of China International Capital Corporation Limited (中國國際金融股份有限公司). Therefore, each of CICC Kangzhi, CICC Capital Management Co., Ltd. (中金資本運營有限公司) and China International Capital Corporation Limited (中國國際金融股份有限公司) was deemed to be interested in the Shares that CICC Kangrui was interested in under the SFO.

(4) As of the Latest Practicable Date, Qianyi Investment was wholly owned by Mr. Wang Zheng. Mr. Wang Zheng was deemed to be interested in the Shares that Qianyi Investment was interested in under the SFO.

Except as otherwise disclosed herein, our Directors are not aware of any persons who will, immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised, the outstanding share options granted under the Share Option Scheme are not exercised and each Preferred Share will be converted to one Share upon the Global Offering becoming unconditional), have any interests and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to our Company and the Stock Exchange under the

provisions of Divisions 2 and 3 of Part XV of the SFO or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group.

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a "**Cornerstone Investment Agreement**", and together the "**Cornerstone Investment Agreements**") with the cornerstone investors set out below (each a "**Cornerstone Investor**", and together the "**Cornerstone Investors**"), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 1,000 Shares) that may be purchased for an aggregate amount of US$125 million (or approximately HK$969 million) (the "**Cornerstone Placing**").

Assuming an Offer Price of HK$11.10, being the low-end of the indicative Offer Price range set out in this Prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 87,307,000 Offer Shares, representing approximately 42.5% of the Offer Shares pursuant to the Global Offering and approximately 3.7% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Assuming an Offer Price of HK$11.65, being the mid-point of the indicative Offer Price range set out in this Prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 83,184,000 Offer Shares, representing approximately 40.5% of the Offer Shares pursuant to the Global Offering and approximately 3.5% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Assuming an Offer Price of HK$12.20, being the high-end of the indicative Offer Price range set out in this Prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 79,433,000 Offer Shares, representing approximately 38.6% of the Offer Shares pursuant to the Global Offering and approximately 3.4% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

GIC, Hillhouse Funds, Lake Bleu Prime and CDG (as defined below), are existing Shareholders and Pre-IPO Investors of our Company or their close associates. Each of them have been permitted to participate in the Cornerstone Placing pursuant to paragraph 5.2 of Stock Exchange Guidance Letter HKEX-GL92-18.

Our Company is of the view that, leveraging on the Cornerstone Investors' investment experience, in particular in the life sciences and healthcare sectors, the Cornerstone Placing will help raise the profile of our Company and to signify that such investors have confidence in our business and prospect. Other than those Cornerstone Investors which are our existing Shareholders or their close associates as described above, our Company became acquainted with each of the Cornerstone Investors through introduction by the Joint Global Coordinators in the Global Offering.

The Cornerstone Placing will form part of the International Offering and the Cornerstone Investors will not subscribe for any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreements). The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respect with the fully paid Shares in issue and will not count towards the public float of our Company under Rule 18A.07 of the Listing Rules. Immediately following the completion of the Global Offering, none of the Cornerstone Investors will become a substantial shareholder of our Company, the Cornerstone Investors or their close associates will not, by virtue of

their cornerstone investments, have any Board representation in our Company. Other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, the Cornerstone Investors do not have any preferential rights in the Cornerstone Investment Agreements compared with other public Shareholders.

Save as disclosed above, to the best knowledge of our Company, (i) each of the Cornerstone Investors is an Independent Third Party; (ii) none of the Cornerstone Investors is accustomed to take instructions from our Company, its subsidiaries, the Directors, chief executive, Controlling Shareholders, substantial Shareholders, existing Shareholders (other than the Cornerstone Investors which are existing Shareholders of our Company or their close associates as described above) or their respective close associates in relation to the acquisition, disposal, voting, or other disposition of Shares registered in its name or otherwise held by it; and (iii) none of the subscription of the relevant Offer Shares by any of the Cornerstone Investors is financed by our Company, the Directors, chief executives, Controlling Shareholders, substantial Shareholders, existing Shareholders (other than the Cornerstone Investors which are existing Shareholders of our Company or their close associates as described above) or any of its subsidiaries or their respective close associates. Each of the Cornerstone Investors has confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing and that no specific approval from any stock exchange (if relevant) or its shareholders is required for the relevant cornerstone investment as each of them has general authority to invest.

As confirmed by each of the Cornerstone Investors, their subscription under the Cornerstone Placing would be financed by their own internal resources. There are no side arrangements or agreements between our Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Cornerstone Placing, other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price.

The total number of Offer Shares to be subscribed by the Cornerstone Investors pursuant to the Cornerstone Placing may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the section headed "Structure of the Global Offering—The Hong Kong Public Offering—Reallocation".

Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement of our Company to be published on or around February 3, 2021.

Certain Cornerstone Investors, namely CPE Fund, Taikang Life, Snow Lake Funds, Yi Fang Da Brocade, Indus Funds, 3W Fund, WT Funds, PinPoint and Kunlun, have agreed that the Joint Global Coordinators may defer the delivery of all or any part of the Offer Shares it has subscribed for to a date later than the Listing Date. There is no delayed delivery arrangement for the other Cornerstone Investors. The deferred delivery arrangement was in place to facilitate the over-allocation in the International Offering. Each Cornerstone Investor has agreed that it shall pay the relevant Offer Shares on or before the Listing Date. There will be no delayed settlement of payment. There will be no delayed delivery if there is no over-allocation in the International Offering. For details of the Over-allotment Option and the stabilization action by the Stabilizing Manager, please refer to the sections headed "Structure of the Global Offering—Over-allotment Option" and "Structure of the Global Offering—Stabilization" in this Prospectus, respectively.

THE CORNERSTONE INVESTORS

The information about our Cornerstone Investors set forth below has been provided by our Cornerstone Investors in connection with the Cornerstone Placing.

CPE Fund

CPE Greater China Enterprises Growth fund ("**CPE Fund**") is an exempted company incorporated with limited liability under the laws of the Cayman Islands for an unlimited duration. The CPE Fund is managed by China Pinnacle Equity Management Limited ("**CPE**") incorporated with limited liability in August 2017 in Hong Kong and is licensed to conduct Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities under Part V of the SFO with CE number BKY108. It is principally engaged in fund management and the provision of investment advisory services to professional investors as defined under the SFO, including corporations, institutions and high net worth individual investors.

Hillhouse Funds

Gaoling Fund, L.P. and YHG Investment, L.P. (together, the "**Hillhouse Funds**") are limited partnerships formed under the laws of the Cayman Islands. Hillhouse Capital Advisors, Ltd. ("**Hillhouse Capital**") serves as the sole investment manager of Gaoling Fund, L.P. and the general partner of YHG Investment, L.P.

Founded in 2005, Hillhouse Capital is a global firm of investment professionals and operating executives who are focused on building and investing in high quality business franchises that achieve sustainable growth. Independent proprietary research and industry expertise, in conjunction with world-class operating and management capabilities, are key to Hillhouse Capital's investment approach. Hillhouse Capital partners with exceptional entrepreneurs and management teams to create value, often with a focus on enacting innovation and technological transformation. Hillhouse Capital invests in the healthcare, consumer, TMT, advanced manufacturing, financial and business services sectors in companies across all equity stages. Hillhouse Capital and its group members manage assets on behalf of global institutional clients.

Lake Bleu Prime

Lake Bleu Capital (Hong Kong) Limited acts as the investment manager to Lake Bleu Prime Healthcare Master Fund Limited ("**Lake Bleu Prime**"). Lake Bleu Prime, an Exempted Company incorporated in the Cayman Islands, is a long-bias public equity fund with investments focused on Asia/Greater China healthcare, including pharmaceuticals, biotech, medical devices, and healthcare services.

GIC

GIC Private Limited ("**GIC**") is a global investment management company established in 1981 to manage Singapore's foreign reserves. GIC invests internationally in equities, fixed income, foreign exchange, commodities, money markets, alternative investments, real estate and private equity. With its current portfolio size of more than US$100 billion, GIC is amongst the world's largest fund management companies.

Taikang Life

Taikang Life Insurance Co., Ltd (泰康人壽保險有限責任公司) ("**Taikang Life**"), a company incorporated in China, is a wholly owned subsidiary of Taikang Insurance Group. Taikang Life provides a full range of personal security and investment and wealth management products and services for individuals and families. The products on offer correspond to the different requirements of customers in terms of market segments such as the children and teenagers, females and high-income population groups. They also meet multidimensional demands regarding health care and accident cover, pensions and wealth management, among others. Taikang Insurance Group is an insurance and financial service conglomerate focused on insurance, asset management and health and elderly care as main businesses. The Beijing-headquartered company consists of several subsidiaries including Taikang Life, Taikang AMC, Taikang Pension, Taikang Healthcare, Taikang Health, and TK.CN. Its product offering covers life insurance, internet-based financial insurance, enterprise annuity, asset management, health and elderly care, health management and commercial real estate, among others.

Snow Lake Funds

Snow Lake China Master Fund, Ltd. and Snow Lake China Master Long Fund, Ltd. (the "**Snow Lake Funds**") are exempted companies established under the laws of the Cayman Islands.

Snow Lake Capital (HK) Limited ("**Snow Lake Capital**"), a Hong Kong incorporated company, serves as the investment manager of the Snow Lake Funds. Snow Lake Capital, together with its affiliates, is an Asian alternative investment management firm founded in 2009. The firm employs a long-term fundamental investment approach, leveraging its in-house proprietary research capabilities and disciplined investment process in selecting high quality businesses with forward-thinking management. Snow Lake Capital mainly invests in leading companies in the TMT, consumer, healthcare, financial services and real estate sectors. Snow Lake Capital manages capital mainly for institutional clients globally, including endowments, foundations, sovereign wealth funds and pensions.

Yi Fang Da Brocade

Yi Fang Da Brocade Inv. Limited ("**Yi Fang Da Brocade**") is an investment company incorporated in the British Virgin Islands. It is the investment vehicle wholly owned by E Fund Management (Hong Kong) Co., Limited ("**E Fund HK**"). E Fund HK was incorporated in Hong Kong in August 2008. E Fund HK is licensed for Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities by the SFC. E Fund HK is wholly owned by E Fund Management Co., Ltd. ("**E Fund**") and serves as the global investment and business platform. Established in 2001, E Fund is the largest fund manager in China with over RMB1.8 trillion (USD268 billion) under management. As E Fund's only window company overseas, E Fund HK strategically connects China and the overseas market. E Fund HK capitalizes the investment and research capabilities of E Fund and its competitive advantage in the overseas market to provide comprehensive quality service to its clients.

CDG

CDG Group Fund L.P. ("**CDG**") is a limited partnership organized under the laws of the Cayman Islands. Golden Bridge Capital Holdings Limited ("**Golden Bridge**") is the general partner of CDG. Golden Bridge is a limited liability company incorporated under the laws of the Cayman Islands and specializes in industrials, TMT and healthcare sectors related investment.

Indus Funds

Indus Pacific Opportunities Master Fund, Ltd., Indus China Master Fund, Ltd., Indus Select Master Fund, Ltd., Cambridge University Endowment Fund and Vitruvius SICAV-Asian Equity, each managed by Indus Capital Partners, LLC (collectively, "**Indus Funds**") have agreed to acquire such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased with US$5 million at the Offer Price.

Indus Capital Partners, LLC (with its affiliates, "**Indus**") is an employee-owned international alternative investment management firm, offering a variety of long/short and long-only equity strategies with a primary focus on Asia Pacific, Japan, and Global Emerging Markets. At January 1, 2021, Indus managed approximately US$4.5 billion for a diverse client base, including foundations and university endowments, corporate and public pensions, high net worth individuals, family offices, sovereign wealth funds, and financial institutions. The firm was founded in 2000 by former Soros Fund Management partners who had worked together since 1995 and possess on average over 20 years' investment experience in the Asia Pacific region. Indus is headquartered in New York, with offices in London, Hong Kong, Tokyo, San Francisco and Shanghai. Indus is registered as an investment adviser with the Securities and Exchange Commission in the U.S. Overseas affiliates are regulated by the Securities and Futures Commission in Hong Kong and the Financial Services Agency in Japan.

Woodline Fund

Woodline Master Fund LP ("**Woodline Fund**") is an exempted limited partnership formed under the laws of the Cayman Islands and operating as a private investment fund. Woodline Partners LP ("**Woodline Partners**"), a Delaware limited partnership, serves as the investment manager to the Woodline Fund. Woodline Partners is an investment firm that implements a fundamental equity strategy focused on the global Healthcare and Technology sectors. It represent a tenured team with specialized experience covering North American, European and Asian markets. Its portfolio managers have a shared set of values, a rigorous, bottom-up fundamental process, and an established network of corporate executive and industry relationships. Woodline Partners aims to find clarity in company-specific details to assess the long-term competitiveness of companies under coverage. The assets under management of Woodline Partners as of the Latest Practicable Date was not less than US$3 billion.

3W Fund

3W Fund Management Limited ("**3W Fund**") is incorporated in Hong Kong with limited liability and licensed by the SFC to carry out type 9 (asset management) regulated activity. 3W Fund has agreed to procure certain investors, namely 3W Greater China Focus Fund and 3W Global Fund, that 3W Fund has discretionary investment management power over, to subscribe for such number of the Investor Shares. 3W Greater China Focus Fund and 3W Global Fund pursue to maximize absolute return and seek long-term capital growth primarily through fundamental investment principle with value approach.

Tybourne Funds

Tybourne Capital Management (HK) Limited ("**Tybourne Management**") is the investment advisor for a Cayman incorporated Investment Manager, Tybourne Capital Management Limited

(together with Tybourne Capital Management (HK) Limited, "**Tybourne**"). Tybourne Management wishes to nominate, at its absolute and sole discretion, Tybourne Equity Master Fund and/or Tybourne Long Opportunities Master Fund (the "**Tybourne Funds**") to subscribe for, and failing which the Tybourne Management will subscribe for, the Offer Shares. Founded in 2012 and headquartered in Hong Kong, Tybourne invests in public and private equity markets and manages long duration capital on behalf of prominent non-profits, university endowments, sovereigns, corporate pensions and family offices. Tybourne adopts a fundamental, bottom-up, research-intensive investment strategy investing globally with a focus on Asia. Focused sectors include healthcare, consumer, financials, industrials and TMT.

WT Funds

WT Asset Management Limited ("**WT**") is a company incorporated in Hong Kong with limited liability and licensed by the SFC to carry on type 9 (asset management) regulated activity. WT is beneficially owned as to 100% by an individual, who is an independent third party. WT has discretionary investment management power over WT China Fund Limited and WT China Focus Fund (the "**WT Funds**"). The WT Funds are managed by WT as investment manager or investment advisor. The WT Funds pursue to achieve absolute return and long-term capital appreciation by investing primarily in the listed securities of companies which have great exposure or material impact by the Greater China region (which includes the PRC, Hong Kong, Macau and Taiwan). Investors of the WT Funds include but not limited to pension funds, sovereign wealth funds, fund of funds, family offices and other sophisticated institutional investors.

ChinaAMC Funds

China Asset Management Co., Ltd., ("**ChinaAMC**"), on behalf of each of CHINA CONSTRUCTION BANK—CHINA AMC BEST SELECTION EQ FUND—HONGKONG (華夏全球精選股票型證券投資基金), BOC-CHINAAMC MOBILE INTERNET DYNAMIC ALLOCATION HYBRID FUND (華夏移動互聯靈活配置混合型證券投資基金(QDII)), ICBC LTD CHINA AMC NEB SEC INV FUND (華夏新時代靈活配置混合型證券投資基金(QDII)) and CCB-CHINA AMC GREATER CHINA ENTERPRISE SELECT HYBRID FUND (華夏大中華企業精選靈活配置混合型證券投資基金(QDII)) (together, the "**ChinaAMC Funds**"), in the capacity of its full discretionary fund manager, has agreed to subscribe for such number of the Offer Shares (rounded down to the nearest whole board lot) which may be purchased with an aggregate amount of US$5 million at the Offer Price.

ChinaAMC is a qualified domestic institutional investor approved by the relevant PRC's authorities. As the investment manager of the ChinaAMC Funds, ChinaAMC provides a full range of services to retail and institutional investors home and abroad, covering equity, fixed income, money markets, etc. With US$213.8 billion (RMB1.43 trillion) in Assets under Management (including that of subsidiaries) as of September 30, 2020, it is one of the largest asset managers in China. Current client base comprises about 57,000 institutional clients and 155 million retail investors. ChinaAMC provides services to National Social Security Fund, corporate pensions, separate accounts, sovereign funds in Europe, America, and Asia, central banks, pensions, banks, asset managers, securities companies and other overseas institutional clients.

PinPoint

Pinpoint Asset Management Limited ("**PinPoint**") is the investment manager of the funds under management including Pinpoint China Fund, Pinpoint Multi-Strategy Master Fund and Pinpoint Plus Master Fund, all are Cayman Island exempted companies.

Pinpoint is a limited liability company incorporated in Hong Kong on June 4, 2010. It is an independent investment research and management company that provides active asset management services to institutional investors, pension funds, private banking, fund of funds, family offices and high net worth individuals. It is licensed to conduct asset management business (type 9 regulated activities as defined under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)) by the Securities and Futures Commission of Hong Kong.

Kunlun

Kunlun Group Limited ("**Kunlun**") was incorporated in Hong Kong SAR. Kunlun is a wholly-owned subsidiary of Beijing Kunlun Tech Co., Ltd (300418.SZ).

Kunlun focused on investment in technologically innovative enterprises. Kunlun takes user value as the core, pays attention to innovative business models driven by technology, products, and data, and seeks entrepreneurial teams with globalization potential and localization capabilities by selecting leading companies in subdivisions. Kunlun and its affiliates, associates has successively invested in Opera, DaDa, Pony.AI, KEYA Medical, EdiGene, PingCap, OBiO, Leyan Tech, SprintRay and other companies.

The table below sets forth details of the Cornerstone Placing:

Based on the Offer Price of HK$11.10 (being the low-end of the indicative Offer Price range)

			Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
Cornerstone Investor	**Total investment Amount**	**Number of Offer Shares to be acquired[1]**	**Approximate % of the Offer Shares**	**Approximate % of ownership[2]**	**Approximate % of the Offer Shares**	**Approximate % of ownership[2]**
	(US$ in million)					
CPE Fund	20.0	13,970,000	6.8%	0.6%	5.9%	0.6%
Hillhouse Funds	15.0	10,477,000	5.1%	0.4%	4.4%	0.4%
Lake Bleu Prime	10.0	6,985,000	3.4%	0.3%	3.0%	0.3%
GIC	10.0	6,985,000	3.4%	0.3%	3.0%	0.3%
Taikang Life	10.0	6,985,000	3.4%	0.3%	3.0%	0.3%
Snow Lake Funds	10.0	6,985,000	3.4%	0.3%	3.0%	0.3%
Yi Fang Da Brocade	5.0	3,492,000	1.7%	0.1%	1.5%	0.1%
CDG	5.0	3,492,000	1.7%	0.1%	1.5%	0.1%
Indus Funds	5.0	3,492,000	1.7%	0.1%	1.5%	0.1%
Woodline Fund	5.0	3,492,000	1.7%	0.1%	1.5%	0.1%
3W Fund	5.0	3,492,000	1.7%	0.1%	1.5%	0.1%
Tybourne Funds	5.0	3,492,000	1.7%	0.1%	1.5%	0.1%
WT Funds	5.0	3,492,000	1.7%	0.1%	1.5%	0.1%
ChinaAMC Funds	5.0	3,492,000	1.7%	0.1%	1.5%	0.1%
PinPoint	5.0	3,492,000	1.7%	0.1%	1.5%	0.1%
Kunlun	5.0	3,492,000	1.7%	0.1%	1.5%	0.1%

Based on the Offer Price of HK$11.65 (being the mid-point of the indicative Offer Price range)

			Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
Cornerstone Investor	**Total investment Amount**	**Number of Offer Shares to be acquired[1]**	**Approximate % of the Offer Shares**	**Approximate % of ownership[2]**	**Approximate % of the Offer Shares**	**Approximate % of ownership[2]**
	(US$ in million)					
CPE Fund	20.0	13,311,000	6.5%	0.6%	5.6%	0.6%
Hillhouse Funds	15.0	9,983,000	4.9%	0.4%	4.2%	0.4%
Lake Bleu Prime	10.0	6,655,000	3.2%	0.3%	2.8%	0.3%
GIC	10.0	6,655,000	3.2%	0.3%	2.8%	0.3%
Taikang Life	10.0	6,655,000	3.2%	0.3%	2.8%	0.3%
Snow Lake Funds	10.0	6,655,000	3.2%	0.3%	2.8%	0.3%
Yi Fang Da Brocade	5.0	3,327,000	1.6%	0.1%	1.4%	0.1%
CDG	5.0	3,327,000	1.6%	0.1%	1.4%	0.1%
Indus Funds	5.0	3,327,000	1.6%	0.1%	1.4%	0.1%
Woodline Fund	5.0	3,327,000	1.6%	0.1%	1.4%	0.1%
3W Fund	5.0	3,327,000	1.6%	0.1%	1.4%	0.1%
Tybourne Funds	5.0	3,327,000	1.6%	0.1%	1.4%	0.1%
WT Funds	5.0	3,327,000	1.6%	0.1%	1.4%	0.1%
ChinaAMC Funds	5.0	3,327,000	1.6%	0.1%	1.4%	0.1%
PinPoint	5.0	3,327,000	1.6%	0.1%	1.4%	0.1%
Kunlun	5.0	3,327,000	1.6%	0.1%	1.4%	0.1%

Based on the Offer Price of HK$12.20 (being the high-end of the indicative Offer Price range)

			Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
Cornerstone Investor	**Total investment Amount**	**Number of Offer Shares to be acquired[1]**	**Approximate % of the Offer Shares**	**Approximate % of ownership[2]**	**Approximate % of the Offer Shares**	**Approximate % of ownership[2]**
	(US$ in million)					
CPE Fund	20.0	12,710,000	6.2%	0.5%	5.4%	0.5%
Hillhouse Funds	15.0	9,533,000	4.6%	0.4%	4.0%	0.4%
Lake Bleu Prime	10.0	6,355,000	3.1%	0.3%	2.7%	0.3%
GIC	10.0	6,355,000	3.1%	0.3%	2.7%	0.3%
Taikang Life	10.0	6,355,000	3.1%	0.3%	2.7%	0.3%
Snow Lake Funds	10.0	6,355,000	3.1%	0.3%	2.7%	0.3%
Yi Fang Da Brocade	5.0	3,177,000	1.5%	0.1%	1.3%	0.1%
CDG	5.0	3,177,000	1.5%	0.1%	1.3%	0.1%
Indus Funds	5.0	3,177,000	1.5%	0.1%	1.3%	0.1%
Woodline Fund	5.0	3,177,000	1.5%	0.1%	1.3%	0.1%
3W Fund	5.0	3,177,000	1.5%	0.1%	1.3%	0.1%
Tybourne Funds	5.0	3,177,000	1.5%	0.1%	1.3%	0.1%
WT Funds	5.0	3,177,000	1.5%	0.1%	1.3%	0.1%
ChinaAMC Funds	5.0	3,177,000	1.5%	0.1%	1.3%	0.1%
PinPoint	5.0	3,177,000	1.5%	0.1%	1.3%	0.1%
Kunlun	5.0	3,177,000	1.5%	0.1%	1.3%	0.1%

Notes:

(1) Subject to rounding down to the nearest whole board lot of 1,000 Shares.

(2) Assuming the outstanding share options granted under the Share Option Scheme are not exercised.

CLOSING CONDITIONS

The obligation of each of the Cornerstone Investors to acquire the Offer Shares under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

(i) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Hong Kong Underwriting Agreement and the International Underwriting Agreement;

(ii) neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement having been terminated;

(iii) the Listing Committee having granted the approval for the listing of, and permission to deal in, the Shares (including the Shares under the Cornerstone Placing) as well as other applicable waivers and approvals and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(iv) the Offer Price having been agreed according to the Hong Kong Underwriting Agreement, the International Underwriting Agreement and the Price Determination Agreement to be signed among the parties to such agreements in connection with the Global Offering;

(v) no laws shall have been enacted or promulgated which prohibits the consummation of the transactions contemplated in Hong Kong Public Offering, the International Offering or the Cornerstone Investment Agreements, and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(vi) the respective representations, warranties, acknowledgements, undertakings and confirmations of the Cornerstone Investor under the Cornerstone Investment Agreements are and will be (as of the closing of the Cornerstone Investment Agreements) accurate and true in all respects and not misleading and that there is no material breach of the Cornerstone Investment Agreement on the part of the Cornerstone Investor.

RESTRICTIONS ON THE CORNERSTONE INVESTOR

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six months from the Listing Date (the "**Lock-up Period**"), dispose of any of the Offer Shares they have purchased pursuant to the relevant Cornerstone Investment Agreements, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

SHARE CAPITAL

The following is a description of the authorized and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately following the completion of the Share Subdivision and the Global Offering (assuming the Over-allotment Option is not exercised):

Authorized Share Capital

Number of Shares	Aggregate nominal value of Shares
10,000,000,000	US$50,000.00

Issued Share Capital

Number of Shares	Description of Shares	Aggregate nominal value of Shares	% of issued share capital
1,211,888,700	Shares in issue as of the date of this prospectus	US$ 6,059.44	51.22%
484,247,660	Series B Preferred Shares to be converted to Shares on a one-for-one basis	US$ 2,421.24	20.47%
225,000,000	Series C Preferred Shares to be converted to Shares on a one-for-one basis	US$ 1,125.00	9.51%
239,410,660	Series D Preferred Shares to be converted to Shares on a one-for-one basis	US$ 1,197.05	10.12%
205,620,000	Shares to be issued pursuant to the Global Offering	US$ 1,028.10	8.69%
2,366,167,020	Shares in issue immediately following the Global Offering	US$11,830.84	100.00%

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and Shares are issued pursuant to the Global Offering. It takes no account of any options may be granted under the Share Option Scheme and any Shares which may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as referred to below.

RANKING

The Offer Shares will rank *pari passu* in all respects with all Shares currently in issue or to be issued as mentioned in this prospectus, and will qualify and rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Our Company will have only one class of Shares upon completion of the Global Offering, namely ordinary shares, and each ranks *pari passu* with the other Shares.

Pursuant to the Cayman Companies Act and the terms of the Memorandum of Association and Articles of Association, our Company may from time to time by ordinary resolution of Shareholders (i) increase our capital; (ii) consolidate and divide our capital into shares of larger amount; (iii) divide our shares into several classes; (iv) subdivide our shares into shares of smaller amount; and (v) cancel

any shares which have not been taken. In addition, our Company may subject to the provisions of the Cayman Companies Act reduce its share capital or capital redemption reserve by our Shareholders passing a special resolution. See the section headed "Appendix III—Summary of the Constitution of our Company and Cayman Islands Company Law" to this prospectus for further details.

SHARE OPTION SCHEME

Our Company has adopted the Share Option Scheme. For details and principal terms of the Share Option Scheme, see "Appendix IV — Statutory and General Information — D. Share Option Scheme" to this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with a total number of not more than the sum of:

- 20% of the total number of the Shares in issue immediately following completion of the Global Offering (excluding the Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option); and
- the total number of Shares repurchased by us under the authority referred to in the paragraph headed "— General Mandate to Repurchase Shares" in this section.

This general mandate to issue Shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;
- the expiration of the period within which our Company's next annual general meeting is required by the Memorandum of Association and Articles of Association or any other applicable laws to be held; or
- the date on which it is varied or revoked by an ordinary resolution of our Shareholders passed in a general meeting.

See the section headed "Statutory and General Information — A. Further Information about our Group — 4. Resolutions of the Shareholders of our Company dated January 15, 2021" in Appendix IV to this prospectus for further details of this general mandate to allot, issue and deal with Shares.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase our own securities with nominal value of up to 10% of the total number of our Shares in issue immediately following the completion of the Global Offering (excluding the Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option).

The repurchase mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which our Shares are listed (and which are recognized by the SFC and the

Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed "Statutory and General Information — A. Further Information about our Group — 5. Repurchase of our own securities" in Appendix IV to this prospectus.

This general mandate to repurchase Shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; or
- the expiration of the period within which our Company's next annual general meeting is required by the Memorandum of Association and Articles of Association or any other applicable laws to be held; or
- the date on which it is varied or revoked by an ordinary resolution of our Shareholders passed in a general meeting.

See the section headed "Statutory and General Information — A. Further Information about our Group — 5. Repurchase of our own securities" in Appendix IV to this prospectus for further details of the repurchase mandate.

You should read the following discussion and analysis in conjunction with our consolidated financial statements and the accompanying notes included in the Accountants' Report set forth in Appendix I to this prospectus. Our consolidated financial statements have been prepared in accordance with HKFRSs, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants' Report and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, whether the actual outcome and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. For details, see "Forward-looking Statements" and "Risk Factors."

OVERVIEW

We are a medical device company in China focusing on the research, development and commercialization of innovative transcatheter and surgical solutions for valvular heart diseases. Our mission is to improve the lives of valvular heart disease patients by providing optimal and affordable medical solutions through continuous innovation.

During the Track Record Period, we only started to generate revenue after the commercialization of our first-generation TAVI product, VitaFlow™, in August 2019. As a result, we incurred net losses in each year since inception. Our total net losses were RMB60.3 million, RMB144.5 million, and RMB192.6 million for the years ended December 31, 2018 and 2019 and the seven months ended July 31, 2020, respectively. We expect to continue to incur net losses in the near future as we further our research and development efforts, continue the development of, seek regulatory approval for, and commercialize our pipeline products. Subsequent to the Listing, we expect to incur additional costs associated with operating as a public company. We expect that our financial performance will fluctuate quarterly and yearly due to the development status of our pipeline products, regulatory approval timeline and commercialization of our pipeline products after approval.

BASIS OF PREPARATION

Our Company was incorporated with limited liability in the Cayman Islands on January 10, 2019. In preparation for the Listing, our Group underwent the Restructuring, pursuant to which our Company became the holding company of our Group. For details, see "History, Development and Corporate Structure—Restructuring" in this prospectus. Our Company was incorporated for the purpose of the Restructuring and, save for the Restructuring, has not carried out any business since the date of the incorporation. Our Company, as the holding company of our business, indirectly owns MP CardioFlow in China that is principally engaged in the R&D, manufacturing and sale of medical devices treating valvular heart diseases.

Since the Restructuring did not involve any changes in the economic substance of the ownership and the business of our Group, our historical financial information has been prepared and presented as

a continuation of the financial information of our business with the assets and liabilities recognized and measured at their historical carrying amounts prior to the Restructuring. Intra-group balances, transactions and unrealized gain/loss on intra-group transactions are eliminated in full in preparing the historical financial information. The consolidated statements of profit or loss, the consolidated statements of changes in equity and the consolidated statements of cash flows for the years ended December 31, 2018 and 2019 and the seven months ended July 31, 2020 include the financial performance and cash flows of the companies now comprising our Group as if the current group structure had been in existence and unchanged throughout the Track Record Period. Our consolidated statements of financial position as of December 31, 2018 and 2019 and July 31, 2020 have been prepared to present the financial position of the companies now comprising our Group as of those dates as if the current group structure had been in existence as of the respective dates.

Our historical financial information has been prepared in accordance with HKFRSs issued by the HKICPA and accounting principles generally accepted in Hong Kong. The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing this historical financial information, our Group has adopted all applicable new and revised HKFRSs, including HKFRS 9, HKFRS 15 and HKFRS 16, consistently throughout the Track Record Period. In addition, the adoption of HKFRS 9, HKFRS 15 and HKFRS 16 does not have significant impact on our net assets/(liabilities) and financial performance during the Track Record Period when compared to those that would have been presented under HKAS 39, HKAS 18 and HKAS 17.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, many of which may be beyond our control. A discussion of the key factors is set out below.

Growth and Competitive Landscape of TAVI Market

Our financial performance and future growth depend on the overall growth of TAVI market, as well as changes in its competitive landscape. In China, the TAVI market is still at its emerging stage. With the escalating prevalence of valvular heart diseases, increasing preference of TAVI over traditional open-chest surgeries, and growing physician awareness and hospital adoption of transcatheter procedures, China's TAVI market is expected to experience continuous growth in the future.

According to Frost & Sullivan, the global TAVI market size is expected to increase at a CAGR of 12.9% from US$4.8 billion (or RMB32.3 billion) in 2019 to US$10.0 billion (or RMB67.3 billion) in 2025. In China, patients suffering from aortic stenosis will grow from 4.3 million in 2019 to 4.9 million in 2025. However, the penetration rate for TAVI remains significantly low in China. In 2019, there were approximately 2,400 TAVI procedures performed in China with a penetration rate of 0.3%, as compared to approximately 66,800 performed and a penetration rate of 23.4% in the U.S. It is expected that in 2025 there will be approximately 42,000 TAVI procedures performed in China, representing a CAGR of 60.7% for the next five years and a penetration rate of 4.5% in 2025. As a result, according to Frost & Sullivan, it is expected that China's TAVI market will grow from RMB392.0 million in 2019 to RMB5,055.7 million in 2025 at a CAGR of 53.1%. For details, see "Industry Overview."

In addition, changes in the competitive landscape in the TAVI market in China and globally will also impact our results of operations. As of the Latest Practicable Dates, VitaFlow™ was one of the four domestically-developed TAVI products that had been approved for commercialization by the NMPA. Our second-generation TAVI product, VitaFlow™ II, was also at near-commercialization stage and clinical trial stage in China and Europe, respectively. However, potential competitors or faster-than-expected development of their products may affect our market position and demand for our products, which may in turn affect our results of operations.

We believe that by leveraging on our leading position in the TAVI market in China, we are well-positioned to capture the expected growth of the market through our robust product portfolio. With the potential growth in the PRC and global TAVI market, we expect our results of operation and financial performance to improve in the future.

Our Ability to Successfully Ramp up Sales of Approved Product

Our business and results of operations depend on our ability to commercialize our pipeline candidates, if they are approved, for marketing. During the Track Record Period, we had one commercialized product, VitaFlow™, which was commercially launched in August 2019. As we generate revenue solely from product sales, pricing and sales volume of our commercialized product, currently being VitaFlow™, has a significant impact on our results of operation. In addition, we plan to launch certain of our products in multiple territories worldwide. For example, we are exploring opportunities for VitaFlow™ in emerging markets, and we had successfully registered VitaFlow™ in Argentina and Thailand in July 2020 and November 2020, respectively. Our ability to do so, however, depends on the successful commercialization of such product and whether we are able to effectively implement our marketing strategies. These pipeline products may also require significant marketing efforts before we generate any revenue from product sales. If they fail to achieve a certain degree of market acceptance, we may not be able to generate revenue as expected.

Development and Commercialization of our Pipeline Products

Our business and results of operations depend on our ability to successfully advance the development of our pipeline products. As of the Latest Practicable Date, other than VitaFlow™, all of our pipeline products were still under different stages of development and we had not yet received regulatory approval to commercialize any of our pipeline products. Our second-generation TAVI product, VitaFlow™ II, was at its near-commercialization stage in China and under clinical trial in Europe. We submitted the registration application for VitaFlow™ II to the NMPA in October 2020. The application was accepted by the NMPA in November 2020 and is currently under review. In addition, we plan to apply for the CE Mark of VitaFlow™ II by the end of 2021. For more information on the development status of our pipeline products, see "Business—Our Product Portfolio." Whether our pipeline products can demonstrate favorable safety and efficacy clinical trial results, and whether we can obtain the requisite regulatory approvals for our pipeline products in time, are crucial for our business and results of operations.

As a result, we have operated at a net loss in each period since our inception and have only begun to generate revenue from product sales in the late 2019. For the years ended December 31, 2018 and 2019 and the seven months ended July 31, 2020, we had net losses of RMB60.3 million, RMB144.5 million, and RMB192.6 million, respectively. See "—Discussion of Certain Items in the Consolidated Statements of Profit or Loss" for further details.

Our Ability to Improve Operating Efficiency

Our profitability has benefited from our effective control of cost of sales and ability to improve operating efficiency. Our cost of sales consists of raw material costs, staff costs, and manufacturing costs, which mainly include testing fees, utility costs and other costs. Our cost of sales as a percentage of revenue was 70.7% and 56.7% for the year ended December 31, 2019 and the seven months ended July 31, 2020, respectively. As our production volume and revenue grow, our cost of sales as a percentage of revenue may further decrease, which will drive our future business growth. For details, see "—Discussion of Certain Items in the Consolidated Statements of Profit or Loss."

In addition, our business and results of operations are significantly affected by our operating cost structure, which primarily comprised research and development costs, administrative expenses and distribution costs during the Track Record Period.

Research and development activities are central to our business. Our current research and development activities mainly relate to product discovery, preclinical research, clinical trials and the clinical advancement of our pipeline products. See "Business—Our Platform—In-house Research & Development." For the years ended December 31, 2018 and 2019, and the seven months ended July 31, 2020, our research and development costs accounted for 74.3%, 72.3% and 39.8% of our total operating expenses (being research and development costs, administrative expenses and distribution costs), respectively. Our research and development costs primarily consist of (i) staff costs, including salaries, bonus and welfare for research and development employees; (ii) third-party contracting costs, primarily including payments to consultants, CROs, clinical trial sites, and other medical institutions and testing fees incurred during the research and development of our pipeline products; (iii) share-based compensation expenses; and (iv) cost of materials and consumables used. Our current research and development activities mainly relate to the advancement of our pipeline products. We expect that our research and development costs will continue to contribute to a large proportion of our total operating expenses for the foreseeable future as we move pipeline products currently at earlier clinical stage into more advanced clinical trials and advance preclinical programs into clinical trials, as well as our continued clinical development of our pipeline products.

Our administrative expenses primarily consist of share-based compensation expenses, staff costs, and office rental and utility expenses. Other administrative expenses mainly include consulting fees, travel expenses, depreciation and amortization, and other office expenses. For the years ended December 31, 2018 and 2019, and the seven months ended July 31, 2020, we incurred administrative expenses of RMB6.1 million, RMB10.9 million, and RMB34.6 million, respectively. We expect our administrative expenses to increase in the future to support our business expansion. We also anticipate increasing legal, compliance, accounting, insurance and investor and public relations expenses associated with being a public company.

We began to build our sales and marketing team since 2018 in anticipation of the commercialization of our first product, VitaFlow™. As a result, for the years ended December 31, 2018 and 2019, and the seven months ended July 31, 2020, we incurred distribution costs of RMB9.4 million, RMB26.1 million and RMB23.1 million, respectively. As we expect to ramp up sales of VitaFlow™ and receive marketing approvals for more pipeline products in our robust product portfolio, we will further increase our sale and marketing activities and expand our in-house sales and marketing team, and our distribution costs will increase accordingly.

We expect our cost structure to evolve as our business expands and as we develop and launch new products in the future. Going forward, we will continue to endeavor to further improve operating efficiency and to achieve economies of scale to enhance our profit margin.

SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

Our discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with all applicable HKFRSs. The preparation of these financial statements requires us to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, costs and expenses. We evaluate our estimates and judgments on an ongoing basis, and our actual results may differ from these estimates. We base our estimates and associated assumptions on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

Our most critical accounting policies, judgments and estimates are summarized below. See Note 2 and Note 3 to the Accountants' Report set out in Appendix I to this prospectus for a description of our significant accounting policies, judgments and estimates.

Significant Accounting Policies

Revenue Recognition

Revenue is recognized when control over a product or service is transferred to the customer, at the amount of promised consideration to which we are expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Revenue from the sales of medical devices through appointed distributors is recognized when the products are delivered to the distributors and the distributors have accepted the products in accordance with the terms specified in the sales contract. We do not allow our distributors to return products unless there are quality defects or in the event of a product recall.

A contract liability is recognized when the customer pays the consideration before we recognize the related revenue. A contract liability would also be recognized if we have an unconditional right to receive consideration before we recognize the related revenue. In such cases, a corresponding receivable would also be recognized.

Intangible Assets

Expenditure on research activities is recognized as an expense in the period in which it is incurred. Expenditure on development activities is capitalized if the product or process is technically and commercially feasible and our Group has sufficient resources and the intention to complete development. The expenditure capitalized includes the costs of materials, direct labor, and an appropriate proportion of overheads and borrowing costs, where applicable. Capitalized development costs are stated at cost less accumulated amortization and impairment losses. Other development expenditure is recognized as an expense in the period in which it is incurred.

Other intangible assets that are acquired by our Group are stated at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses. Expenditure on internally generated goodwill and brands is recognized as an expense in the period in which it is incurred.

Amortization of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortized from the date they are available for use and their estimated useful lives are as follows:

- Software 3 years
- Capitalized development costs 10 years

Both the period and method of amortization are reviewed annually.

The useful life of capitalized development costs is estimated based on the expected life cycle of the underlying product since the commercialization.

Inventories

Inventories are carried at the lower of cost and net realizable value. Cost is calculated using the moving weighted average method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period that the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

Preferred Shares

The Preferred Shares issued by our Company are classified, on the basis of their component parts, as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of the financial liability and the equity instrument. Preferred shares issued by our Company are classified as equity if they are non-redeemable by our Company or redeemable only at our Company's option. Dividends on Preferred Shares capital classified as equity are recognized as distributions within equity. Preferred shares are classified as financial liabilities if they are redeemable on a specific date or at the option of the shareholders (including options that are only exercisable in case of triggering events having occurred). The liability is recognized and measured in accordance with our Group's policy for interest-bearing borrowings set out in Note 2(q) to the Accountants' Report set out in Appendix I to this prospectus and accordingly dividends thereon are recognized on an accrual basis in profit or loss as part of finance costs.

Conversion features of Preferred Shares are classified separately as equity if the option will be settled by exchange of a fixed amount of cash or another financial asset for a fixed number of our

Group's equity instruments. The equity component is the difference between the initial fair value of the Preferred Shares as a whole and the initial fair value of the liability component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

Equity Investments

An investment in equity securities is classified as at fair value through profit or loss ("FVPL") unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at fair value through other comprehensive income ("FVOCI") (non-recycling) such that subsequent changes in fair value are recognized in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognized in profit or loss as other income.

Trade and Other Receivables

A receivable is recognized when our Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognized before our Group has an unconditional right to receive consideration, the amount is presented as a contract asset. Receivables are stated at amortized cost using the effective interest method less allowance for credit losses.

Critical Judgments and Estimates

Impairment of Capitalized Development Costs

We are required to test intangible capitalized development assets not available for use on an annual basis. Intangible assets are tested whenever events or changes in circumstances indicate that the carrying amount of those assets exceeds its recoverable amount. The recoverable amount is determined based on the higher of fair value less cost to sell and value in use.

Determination of the value in use is an area involving management judgment in order to assess whether the carrying value of the intangible development assets not available for use can be supported by the net present value of future cash flows. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of (i) timing of commercialization, productivity and market size; (ii) revenue compound growth rate; (iii) costs and operating expenses; and (iv) the selection of discount rates to reflect the risks involved. For details of impairment test for capitalized development costs not yet available for use, see Note 12 to the Accountants' Report set out in Appendix I to this prospectus.

Recognition of Deferred Tax Assets

Deferred tax assets are recognized for deductible temporary differences. As those deferred tax assets can only be recognized to the extent that it is probable that future taxable profit will be available against which they can be utilized, management's judgment is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognized if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

Fair Value of Unlisted Equity Investments and Derivative Financial Liabilities

We have acquired unlisted equity investments and written options to third parties during the Track Record Period and our fair-value changes in financial instruments consisted of changes in fair value of (i) our investment in 4C Medical; (ii) put options issued to Witney Global Limited ("Witney Global"); and (iii) the Series D Adjustment during the Track Record Period. For details, see "History, Development and Corporate Structure—Strategic Investments" and "Business—Collaboration with Third Parties." We classified these financial instruments as financial assets or liabilities at FVPL in which no quoted prices in an active market exist. The fair value of these financial instruments is established by using valuation techniques, including Black-Scholes model and equity allocation model. Valuation techniques are certified by an independent and recognized international business valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. Valuation models established by the valuer make the maximum use of market inputs and rely as little as possible on our specific data. However, it should be noted that some inputs, such as possibilities under certain events, require management estimates. Management estimates and assumptions are reviewed periodically and are adjusted if necessary. Should any of the estimates and assumptions changed, it may lead to a change in the fair value of the unlisted equity investments and derivative financial liabilities at FVPL.

In relation to the valuation of the unlisted equity investments and derivative financial liabilities, our Directors, based on the professional advice received, adopted the following procedures: (i) engaged independent business valuer, provided necessary financial and non-financial information so as to enable the valuer to perform valuation procedures and discussed with the valuer on relevant assumptions; (ii) carefully considered all information especially those non-market related information input, which require management assessments and estimates; and (iii) reviewed the valuation working papers and results prepared by the valuer. Based on the above procedures, our Directors are of the view that the valuation analysis performed by the valuer is fair and reasonable, and the financial statements of our Group are properly prepared, and nothing has come to our management's attention that causes our management to consider that the valuation is not reasonable pursuant to the principles set out in the SFC's Guidance note on directors' duties in the context of valuations in corporate transactions dated May 15, 2017.

Details of the fair value measurement of Level 3 financial instruments, particularly the fair value hierarchy, the valuation techniques and key inputs, including the significant unobservable inputs, the sensitivity analysis and the reconciliation of the Level 3 fair value measurements are disclosed in Note 28(e) to the Historical Financial Information of the Group for the Track Record Period as set out in the Accountants' Report issued by the reporting accountants in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 "Accountants' Report on Historical Financial

Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants in Appendix I.

In relation to the valuation analysis performed by valuer on derivative financial liabilities, the Joint Sponsors have conducted relevant due diligence work, including but not limited to, (i) review of relevant notes in the Accountants' Report as contained in Appendix I and relevant documents provided by valuer; and (ii) discussed with the Company, the reporting accountants and the valuer about the key basis and assumptions for the valuation of derivative financial liabilities. Having considered the work done by the Company and reporting accountants and the relevant due diligence work conducted, nothing has come to the Joint Sponsors' attention that would cause the Joint Sponsors to question the valuation analysis performed by the valuer on the investments in unlisted securities and derivative financial liabilities, and that appropriate steps have been taken in carrying out the level 3 fair value estimation for the investments in unlisted securities and derivative financial liabilities.

DISCUSSION OF CERTAIN ITEMS IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth a summary of our consolidated statements of profit or loss for the periods indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	For the year ended December 31,		For the seven months ended July 31,	
	2018	2019	2019	2020
		(RMB in thousands)		
			(unaudited)	
Revenue	–	21,502	–	48,440
Cost of sales	–	(15,200)	–	(27,455)
Gross profit	–	6,302	–	20,985
Other net income/(loss)	972	5,064	434	(1,518)
Research and development costs	(44,746)	(96,701)	(51,724)	(38,185)
Distribution costs	(9,381)	(26,105)	(12,610)	(23,088)
Administrative expenses	(6,097)	(10,853)	(6,302)	(34,577)
Fair value changes in financial instruments	–	(8,649)	(11,264)	(28,107)
Other operating costs	(12)	(1,057)	–	(17,657)
Loss from operations	(59,264)	(131,999)	(81,466)	(122,147)
Finance costs	(999)	(12,523)	(2,033)	(70,481)
Loss before taxation	(60,263)	(144,522)	(83,499)	(192,628)
Income tax	–	–	–	–
Loss for the year/period	(60,263)	(144,522)	(83,499)	(192,628)

Revenue

During the Track Record Period, all of our revenue was generated from the sales of our first commercialized product, VitaFlow™, since its commercialization in August 2019. The following table sets forth the components of our revenue, sales volume and average selling price for the periods indicated.

	For the year ended December 31,		For the seven months ended July 31,	
	2018	2019	2019	2020
	(RMB in thousands, except for sales volume)		(unaudited)	
VitaFlow™				
Revenue	–	21,502	–	48,440
Sales volume (units)	–	271	–	601
Average selling price (per unit)	–	79.3	–	80.6

Cost of Sales

We did not incur any cost of sales in 2018. For the year ended December 31, 2019 and the seven months ended July 31, 2020, our cost of sales was all relating to the manufacturing of VitaFlow™, which consisted of (i) raw material costs; (ii) manufacturing costs; and (iii) staff costs. The following table sets forth the components of our cost of sales for the periods indicated.

	For the year ended December 31,				For the seven months ended July 31,			
	2018		2019		2019		2020	
	(RMB in thousands, except for percentage)				(unaudited)			
Raw material cost	–	–	9,621	63.3%	–	–	15,790	57.5%
Manufacturing costs[1]	–	–	4,170	27.4%	–	–	7,293	26.6%
Staff costs	–	–	1,409	9.3%	–	–	4,372	15.9%
Total	–	–	15,200	100.0%	–	–	27,455	100.0%

(1) Mainly represent testing fees, utility costs, repair and maintenance costs, and depreciation and amortization.

Gross Profit and Gross Profit Margin

We started to generate revenue and recorded gross profit after the commercialization of VitaFlow™ in August 2019. For the year ended December 31, 2019 and the seven months ended July 31, 2020, our gross profit for sales of VitaFlow™ was RMB6.3 million and RMB21.0 million, with a gross profit margin of 29.3% and 43.3%, respectively. Our gross profit and gross profit margin for sales of VitaFlow™ increased during the Track Record Period, primarily because we continued to optimize our manufacturing efficiency. In addition, as we gradually ramped up our sales of VitaFlow™, we have achieved more bargaining power over raw material suppliers and are able to control costs through economies of scale.

Research and Development Costs

Our research and development costs primarily consist of (i) staff costs, primarily including salaries, bonus and welfare for research and development personnel; (ii) third-party contracting costs,

primarily including payments to consultants, CROs, clinical trial sites, and other medical institutions and testing fees incurred during the research and development of our pipeline products; (iii) share-based compensation expenses; and (iv) costs of raw materials and consumables used for research and development. The following table sets forth the components of our research and development costs for the periods indicated.

	For the year ended December 31,				For the seven months ended July 31,			
	2018		2019		2019		2020	
	(RMB in thousands, except for percentage)				(unaudited)			
Staff costs	15,003	33.5%	29,712	30.7%	16,387	31.7%	8,669	22.7%
Depreciation and amortization	30	0.1%	8,356	8.6%	1,389	2.7%	9,781	25.6%
Third-party contracting costs	11,723	26.2%	27,647	28.6%	14,864	28.7%	8,415	22.0%
Share-based compensation expenses	1,515	3.4%	921	1.0%	683	1.3%	5,636	14.8%
Cost of materials and consumables used	9,119	20.4%	19,117	19.8%	12,907	25.0%	4,293	11.3%
Others[(1)]	7,356	16.4%	10,948	11.3%	5,494	10.6%	1,391	3.6%
Total	44,746	100.0%	96,701	100.0%	51,724	100.0%	38,185	100.0%

(1) Mainly represent travel expenses, rental payments, utility costs and other miscellaneous expenses related to research and development.

For the years ended December 31, 2018 and 2019 and the seven months ended July 31, 2019 and 2020, the research and development expenditures (including capitalized development costs and research and development costs recognized in profit or loss) incurred for VitaFlow™ II, our Core Product, were RMB46.1 million, RMB52.9 million, RMB40.8 million and RMB15.7 million, respectively, accounting for 41.6%, 40.5%, 50.1% and 31.0% of our total research and development expenditures, respectively, during the same period.

Distribution Costs

Our distribution costs primarily consist of (i) market development expenses, primarily including expenses in connection with our sales and marketing activities, such as conference costs, expenses incurred for exhibitions, and product promotion expenses; (ii) staff costs, primarily including salaries, bonus and welfare for sales and marketing personnel; and (iii) share-based compensation expenses. The following table sets forth the components of our distribution costs for the periods indicated.

	For the year ended December 31,				For the seven months ended July 31,			
	2018		2019		2019		2020	
	(RMB in thousands, except for percentage)				(unaudited)			
Market development expenses	4,887	52.1%	16,208	62.1%	6,556	52.0%	12,867	55.7%
Staff costs	3,769	40.2%	8,560	32.8%	5,373	42.6%	7,058	30.6%
Share-based compensation expenses	339	3.6%	395	1.5%	230	1.8%	2,183	9.5%
Depreciation and amortization	3	0.0%	22	0.1%	8	0.1%	27	0.1%
Others	383	4.1%	920	3.5%	443	3.5%	953	4.1%
Total	9,381	100.0%	26,105	100.0%	12,610	100.0%	23,088	100.0%

Administrative Expenses

Our administrative expenses primarily consist of (i) share-based compensation expenses; (ii) staff costs, primarily including salaries, bonus and welfare; (iii) office rental and utility expenses; (iv) consulting fees in relation to recruitment, accounting and legal services; and (v) travel expenses. The following table sets forth the components of our administrative expenses for the periods indicated.

	For the year ended December 31,				For the seven months ended July 31,			
	2018		2019		2019		2020	
	(RMB in thousands, except for percentage)				(unaudited)			
Share-based compensation expenses	164	2.7%	152	1.4%	89	1.4%	23,602	68.3%
Staff costs	3,147	51.6%	5,898	54.3%	3,385	53.7%	5,205	15.1%
Office rental and utility expenses	1,235	20.3%	1,729	15.9%	1,195	19.0%	865	2.5%
Consulting fees	1,096	18.0%	1,720	15.9%	1,141	18.1%	317	0.9%
Travel expenses	297	4.9%	526	4.8%	389	6.2%	173	0.5%
Depreciation and amortization	63	1.0%	186	1.7%	12	0.2%	142	0.4%
Others	95	1.5%	642	6.0%	91	1.4%	4,273	12.3%
Total	6,097	100.0%	10,853	100.0%	6,302	100.0%	34,577	100.0%

Other Net Income/(Loss)

Our other net income/(loss) consists of (i) government grants, primarily including subsidies received from the local governments to support our R&D activities and business operations; (ii) interest income from bank deposits and a loan to the MicroPort Group, which had been fully repaid in 2018; and (iii) net foreign exchange loss or gain. The following table sets forth the components of our other net income/(loss) for the periods indicated.

	For the year ended December 31,		For the seven months ended July 31,	
	2018	2019	2019	2020
	(RMB in thousands)		(unaudited)	
Government grants	293	3,907	15	2,292
Interest income	1,081	60	29	953
Net foreign exchange (loss)/gain	(402)	1,097	390	(4,763)
Total	972	5,064	434	(1,518)

Fair Value Changes in Financial Instruments

During the Track Record Period, our fair value changes in financial instruments consisted of changes in the fair value of (i) investment in 4C Medical; (ii) Witney Put Option in connection with investments in ValCare and 4C Medical. For details, see "History, Development and Corporate Structure—Strategic Investments" and "Business—Collaboration with Third Parties"; and (iii) the Series D Adjustment, in which we shall issue additional Series D Preferred Shares to the 2020 Pre-IPO Investors under certain circumstances specified in the Shareholders Agreement. For details, see "History, Development and Corporate Structure—Major Shareholding Changes of Our Group—5. 2020 Pre-IPO Investment" and Note 25 to the Accountants' Report set out in Appendix I to this

prospectus. The following table sets forth the components of our fair value changes in financial instruments for the periods indicated.

	For the year ended December 31,		For the seven months ended July 31,	
	2018	2019	2019	2020
		(RMB in thousands)	(unaudited)	
Changes in fair value of				
— Investment in 4C Medical	–	2,806	–	1,904
— Witney Put Option	–	(11,455)	(11,264)	(3,043)
— Series D Adjustment	–	–	–	(26,968)
Total	–	(8,649)	(11,264)	(28,107)

Other Operating Costs

Our other operating costs primarily consist of (i) listing expenses in relation to the Global Offering; (ii) other legal and professional fees in relation to Series D financing; and (iii) restructuring expenses. The following table sets forth the components of our other operating costs for the periods indicated.

	For the year ended December 31,		For the seven months ended July 31,	
	2018	2019	2019	2020
		(RMB in thousands)	(unaudited)	
Listing expenses	–	–	–	15,123
Other legal and professional fees	–	–	–	2,324
Restructuring expenses	–	1,057	–	–
Others	12	–	–	210
Total	12	1,057	–	17,657

Finance Costs

Our finance costs primarily consist of (i) interest on other financial liabilities due to the issuance of Series C Preferred Shares and Series D Preferred Shares; (ii) interest on lease liabilities due to the adoption of HKFRS 16 during the Track Record Period; and (iii) interest on interest-bearing borrowings. The following table sets forth the components of our finance costs for the periods indicated.

	For the year ended December 31,		For the seven months ended July 31,	
	2018	2019	2019	2020
	(RMB in thousands)			
			(unaudited)	
Interest on other financial liabilities	–	7,575	–	69,841
Interest on lease liabilities	900	1,037	639	493
Interest on interest-bearing borrowings	–	1,407	238	39
Interest on loans from related parties	–	2,404	1,107	–
Others	99	100	49	108
Total	999	12,523	2,033	70,481

Income Tax Expenses

We did not incur any income tax expenses during the Track Record Period. Our principal applicable taxes and tax rates are as follows:

Cayman Islands and British Virgin Islands

Pursuant to the current rules and regulations of the Cayman Islands and British Virgin Islands, our Company and its subsidiaries located in the Cayman Islands and British Virgin Islands are currently not subject to any income tax in these jurisdictions.

PRC

Our subsidiaries in China are subject to Corporate Income Tax (the "CIT") on the taxable income, and pursuant to the CIT laws and regulations, the statutory tax rate of our subsidiaries in China is 25%.

Hong Kong

Our subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at 16.5% of the estimated assessable profits. No provision for Hong Kong profit tax has been made during the Track Record Period.

RESULTS OF OPERATIONS

Seven Months Ended July 31, 2020 Compared to Seven Months Ended July 31, 2019

Revenue

We did not have any revenue for the seven months ended July 31, 2019. In August 2019, we began to commercialize VitaFlow™, our first-commercialized product, and recorded revenue of RMB48.4 million for the seven months ended July 31, 2020 from the sales of VitaFlow™.

Cost of Sales

We did not incur any cost of sales for the seven months ended July 31, 2019. For the seven months ended July 31, 2020, we recorded cost of sales of RMB27.5 million relating to the manufacturing of VitaFlow™.

Gross Profit and Gross Profit Margin

We did not have any revenue or cost of sales for the seven months ended July 31, 2019. For the seven months ended July 31, 2020, our gross profit in relation to sales of VitaFlow™ was RMB21.0 million and our gross profit margin was 43.3%.

Research and Development Costs

Our research and development costs decreased from RMB51.7 million for the seven months ended July 31, 2019 to RMB38.2 million for the seven months ended July 31, 2020. This decrease was primarily due to (i) a decrease of RMB8.6 million in costs of materials and consumables used; and (ii) a decrease of RMB6.4 million in third-party contracting costs, both of which were related to a temporary delay of research and development activities primarily due to the impact of the COVID-19 pandemic. For example, our R&D employees were required to work remotely in late January and February 2020 and our ongoing clinical trial in Europe for VitaFlow™ II was temporarily suspended. Please see "Summary—Impact of the COVID-19 Pandemic" for details. In addition, our staff costs decreased by RMB7.7 million for the seven months ended July 31, 2020 due to a lower cost allocation as the focus of our supply chain staff shifted from R&D-related to commercial manufacturing to support market penetration and sales growth since the commercialization of VitaFlow™ in August 2019.

Distribution Costs

Our distribution costs increased from RMB12.6 million for the seven months ended July 31, 2019 to RMB23.1 million for the seven months ended July 31, 2020. This increase was primarily attributable to (i) an increase of RMB6.3 million in market development expenses, as we increased our sales and marketing activities after the commercialization of VitaFlow™; (ii) an increase of RMB2.0 million in share-based compensation expenses due to the Share Option Scheme; and (iii) an increase of RMB1.7 million in staff costs to support our increasing sales and marketing activities.

Administrative Expenses

Our administrative expenses increased significantly from RMB6.3 million for the seven months ended July 31, 2019 to RMB34.6 million for the seven months ended July 31, 2020. This increase was primarily attributable to an increase of RMB23.5 million in share-based compensation expenses primarily due to the Share Option Scheme.

Other Net Income/(Loss)

We recorded other net income of RMB0.4 million for the seven months ended July 31, 2019 and recorded other net loss of RMB1.5 million for the seven months ended July 31, 2020. Our other net loss for the seven months ended July 31, 2020 was mainly attributable to RMB4.8 million net foreign exchange loss, reflecting the impact of depreciation of U.S. dollars against the Renminbi on our funds

that are denominated in U.S. dollars. Such other net loss was partially offset by (i) government grants of RMB2.3 million; and (ii) interest income of RMB1.0 million for the seven months ended July 31, 2020.

Fair Value Changes in Financial Instruments

Our fair value changes in financial instruments increased from RMB11.3 million for the seven months ended July 31, 2019 to RMB28.1 million for the seven months ended July 31, 2020 due to a combination of Series D Adjustment as well as the increase in valuation of Witney Put Option. Such increase was partially offset by an increase in evaluation of our investment in 4C Medical.

Other Operating Costs

Our other operating costs increased from nil for the seven months ended July 31, 2019 to RMB17.7 million for seven months ended July 31, 2020. This increase was primarily due to the listing expenses in relation to the Global Offering.

Finance Costs

Our finance costs increased significantly from RMB2.0 million for the seven months ended July 31, 2019 to RMB70.5 million for the seven months ended July 31, 2020. This increase was primarily attributable to an increase in interest on other financial liabilities due to the issuance of Series C Preferred Shares and Series D Preferred Shares.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Revenue

We did not have any revenue for the year ended December 31, 2018. In August 2019, we began to commercialize VitaFlow™, our first approved product, and recorded revenue of RMB21.5 million for the year ended December 31, 2019 from the sales of VitaFlow™.

Cost of Sales

We did not incur any cost of sales for the year ended December 31, 2018. For the year ended December 31, 2019, we incurred cost of sales of RMB15.2 million relating to the manufacturing of VitaFlow™.

Gross Profit and Gross Profit Margin

As a result, for the year ended December 31, 2019, our gross profit was RMB6.3 million and our gross profit margin was 29.3%.

Research and Development Costs

Our research and development costs increased from RMB44.7 million for the year ended December 31, 2018 to RMB96.7 million for the year ended December 31, 2019. This increase was primarily attributable to (i) an increase of RMB15.9 million in third-party contracting costs; (ii) an increase of RMB14.7 million in staff costs; and (iii) an increase of RMB10.0 million in materials and consumables used, all of which were related to our increased research and development activities for our pipeline products.

Distribution Costs

Our distribution costs increased from RMB9.4 million for the year ended December 31, 2018 to RMB26.1 million for the year ended December 31, 2019. This increase was primarily attributable to (i) an increase of RMB11.3 million in market development expenses, as we ramped up our sales and marketing activities in connection with the commercialization of VitaFlow™ since August 2019; and (ii) an increase of RMB4.8 million in staff costs reflecting an increase in sales and marketing employee headcount to support our increasing sales and marketing activities.

Administrative Expenses

Our administrative expenses increased from RMB6.1 million for the year ended December 31, 2018 to RMB10.9 million for the year ended December 31, 2019. This increase was primarily attributable to an increase of RMB2.8 million in staff costs reflecting the increase in administrative employee headcount to support our business growth.

Other Net Income/(Loss)

Our other net income increased significantly from RMB1.0 million for the year ended December 31, 2018 to RMB5.1 million for the year ended December 31, 2019. This increase was primarily attributable to (i) an increase of RMB3.6 million in government grants we recognized in 2019; and (ii) net foreign exchange gain of RMB1.1 million, reflecting the impact of appreciation of U.S. dollars against the Renminbi on our funds that are denominated in U.S. dollars.

Fair Value Changes in Financial Instruments

Our fair value changes in financial instruments increased from nil for the year ended December 31, 2018 to RMB8.6 million for the year ended December 31, 2019, primarily due to RMB11.5 million losses from fair value changes in relation to Witney Put Option. Such losses were partially offset by RMB2.9 million in gains from fair value changes in financial instruments due to the increase in evaluation of our investment in 4C Medical. For details, see "—Discussion of Certain Items in the Consolidated Statements of Profit or Loss—Fair Value Changes in Financial Instruments."

Other Operating Costs

Our other operating costs increased from RMB12,000 to RMB1.1 million primarily due to the costs incurred in relation to the Restructuring.

Finance Costs

Our finance costs increased significantly from RMB1.0 million for the year ended December 31, 2018 to RMB12.5 million for the year ended December 31, 2019, primarily due to (i) RMB7.6 million in interest on other financial liabilities due to the issuance of Series C Preferred Shares; (ii) RMB2.4 million in the interest on loans from related parties, which had been fully repaid in 2019; and (iii) RMB1.4 million in interest on interest-bearing borrowings.

DISCUSSION OF CERTAIN KEY CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ITEMS

The following table sets forth selected items from our consolidated statements of financial position as of the dates indicated, which have been extracted from the Accountants' Report set out in Appendix I to this prospectus.

	As of December 31,		As of July 31,
	2018	2019	2020
	(RMB in thousands)		
Non-current assets			
Property, plant and equipment	34,085	42,767	42,698
Intangible assets	196,415	222,491	226,227
Interest in a joint venture	35,084	35,579	35,622
Other financial assets	41,275	51,673	53,627
Other non-current assets	17,925	9,661	4,633
Total non-current assets	324,784	362,171	362,807
Current assets			
Inventories	17,080	49,224	71,936
Trade and other receivables	9,523	24,917	31,220
Pledged and time deposits	325	325	325
Cash and cash equivalents	50,418	109,263	698,166
Total current assets	77,346	183,729	801,647
Current liabilities			
Interest-bearing borrowings	–	20,000	–
Trade and other payables	110,954	35,331	43,269
Contract liabilities	–	3,567	12
Lease liabilities	4,258	7,249	7,559
Derivative financial liabilities	–	–	26,782
Other financial liabilities	–	321,594	1,290,295
Total current liabilities	115,212	387,741	1,367,917
Net current liabilities	(37,866)	(204,012)	(566,270)
Total assets less current liabilities	286,918	158,159	(203,463)
Non-current liabilities			
Lease liabilities	12,059	11,380	7,459
Deferred income	1,480	3,480	2,775
Derivative financial liabilities	–	11,455	14,498
Total non-current liabilities	13,539	26,315	24,732
Net assets/(liabilities)	**273,379**	**131,844**	**(228,195)**

Inventories

Our inventories consist of (i) raw materials used in research and development activities and manufacturing for our product candidates; (ii) work in progress; and (iii) finished goods. We regularly monitor our inventories and endeavor to keep an optimal inventory level in line with the expected usages in the near term. For details, see "Business—Inventory." The following table sets forth the components of our inventories as of the dates indicated.

	As of December 31,		As of July 31,
	2018	2019	2020
	(RMB in thousands)		
Raw materials			
— Manufacturing	–	12,309	24,164
— Research and development	17,080	15,464	10,038
Subtotal	17,080	27,773	34,202
Work in progress	–	15,703	32,294
Finished goods	–	5,748	5,440
Total	17,080	49,224	71,936

Our inventories increased from RMB17.1 million as of December 31, 2018 to RMB49.2 million as of December 31, 2019, primarily due to (i) an increase in work in progress of RMB15.7 million as we started to manufacture VitaFlow™ since its commercialization in August 2019; and (ii) an increase in raw materials of RMB10.7 million due to the increased procurement of raw materials and consumables to support the commercial manufacturing of VitaFlow™. Our inventories further increased to RMB71.9 million as of July 31, 2020, primarily due to (i) an increase in work in progress of RMB16.6 million; and (ii) an increase in raw materials of RMB6.4 million, primarily because we strategically procured more raw materials in anticipation of the impact of the COVID-19 pandemic.

The table below sets forth our inventory and finished goods turnover days for the periods indicated.

	For the year ended December 31,		For the seven months ended July 31,
	2018	2019	2020
Inventory turnover days[(1)]	–	218	405
Finished goods turnover days[(2)]	–	57	43

(1) Inventory turnover days for a year/period is the arithmetic mean of the beginning and ending balances of inventories for the relevant year/period divided by the sum of (i) cost of sales for the relevant year/period divided by 152 for 2019 (in the last five months of 2019 since commercialization) and 212 for seven-month period and (ii) raw materials and consumables used for research and development for the relevant year/period divided by 365 for 2019 and 212 for seven-month period.

(2) Average finished goods turnover days for a year/period is the arithmetic mean of the beginning and ending balances of finished goods for the relevant year/period divided by the cost of sales for the relevant year/period and multiplied by 152 for 2019 (in the last five months of 2019 since commercialization) and 212 for seven-month period.

Our inventory turnover days increased significantly from 218 days for the year ended December 31, 2019 to 405 days for the seven months ended July 31, 2020. This increase was primarily due to an increase in procurement of raw materials, which was in line with our business

expansion. In addition, in anticipation of the impact of the COVID-19 pandemic, we strategically procured more raw materials for manufacturing to control the potential shortage of raw materials. Moreover, such increased turnover days were also attributable to an increase in work in progress reflecting the increased production activities to meet the market demands for our products. Our finished goods turnover days were relatively stable at 57 days and 43 days for the year ended December 31, 2019 and the seven months ended July 31, 2020, respectively, and that reflect the regular turnover for our finished goods.

As of November 30, 2020, the latest practicable date for the purpose of the indebtedness statement, RMB36.1 million, representing 50.2% of our total inventories as of July 31, 2020, had been subsequently consumed.

Current Trade and Other Receivables

Our current trade and other receivables primarily consist of (i) value-added tax recoverable, representing value-added taxes paid with respect to our procurement that can be credited against future value-added tax payables; (ii) deposits and prepayments to suppliers and service providers; and (iii) trade receivables. During the Track Record Period, we require substantially all of our distributors to make full payment prior to product shipments, except for two distributors to whom we granted a credit term of 10 business days starting from June 2020 and approximately 30 days starting from October 2019, respectively. As a result, we did not have trade receivables in 2018 and 2019 and recorded trade receivables of RMB3.2 million as of July 31, 2020. We seek to maintain strict control over the outstanding receivables to minimize credit risk. For details, see "Business—Customers—Rights and Obligations of Distributors." The following table sets forth the components of our current trade and other receivables as of the dates indicated.

	As of December 31,		As of July 31,
	2018	2019	2020
	(RMB in thousands)		
Value-added tax recoverable	4,928	21,347	23,428
Deposits and prepayments	4,419	3,386	4,100
Trade receivables	–	–	3,155
Other debtors	176	184	537
Total	9,523	24,917	31,220

Our current trade and other receivables increased from RMB9.5 million as of December 31, 2018 to RMB24.9 million as of December 31, 2019. This increase was primarily due to an increase of RMB16.4 million in value-added tax recoverable, which resulted from our procurement of raw materials consumables to support the research and development activities and commercial manufacturing of VitaFlow™. Such increase was partially offset by a decrease of RMB1.0 million in deposits and prepayments.

Our current trade and other receivables further increased from RMB24.9 million as of December 31, 2019 to RMB31.2 million as of July 31, 2020. This increase was primarily due to (i) RMB3.2 million of trade receivables due from our distributors; and (ii) an increase of RMB2.1 million in value-added tax recoverable due to our procurement of raw materials consumables.

As of November 30, 2020, the latest practicable date for the purpose of the indebtedness statement, 100% of our trade receivables as of July 31, 2020 had been settled.

Cash and Cash Equivalents

Our cash and cash equivalents increased from RMB50.4 million as of December 31, 2018 to RMB109.3 million as of December 31, 2019 primarily attributable to the funds we received from our Series C financing. Our cash and cash equivalents increased significantly from RMB109.3 million as of December 31, 2019 to RMB698.2 million as of July 31, 2020 primarily attributable to the funds we received from our Series D financing.

Trade and Other Payables

Our trade and other payables primarily consist of (i) trade payables due to third party suppliers and related parties; (ii) accrued payroll; and (iii) other payables and accrued charges. The following table sets forth the components of our trade and other payables as of the dates indicated.

	As of December 31,		As of July 31,
	2018	2019	2020
	(RMB in thousands)		
Trade payables due to			
— third party suppliers	6,988	11,647	12,143
— related parties	16,226	2,501	1,370
Subtotal	*23,214*	*14,148*	*13,513*
Accrued payroll	5,748	10,638	9,923
Loans and interests due to related parties	76,359	1,874	–
Other payables and accrued charges	5,633	8,671	19,833
Total	110,954	35,331	43,269

Our trade and other payables decreased significantly from RMB111.0 million as of December 31, 2018 to RMB35.3 million as of December 31, 2019, primarily due to (i) a decrease of RMB74.5 million in loans and interests due to related parties reflecting our settlement of the loan from the MicroPort Group in 2019; and (ii) a decrease of RMB13.7 million in trade payables due to related parties. Such decrease was partially offset by (i) an increase of RMB4.9 million in accrued payroll in line with the increase in number of our employees; (ii) an increase of RMB4.7 million in trade payables due to third party suppliers, which was in line with our business growth; and (iii) an increase of RMB3.0 million in other payables and accrued charges.

Our trade and other payables increased from RMB35.3 million as of December 31, 2019 to RMB43.3 million as of July 31, 2020, primarily due to an increase of RMB11.2 million in other payables and accrued charges primarily reflecting the transaction fees in relation to Series D financing. Such increase was partially offset by (i) a decrease of RMB1.9 million in interests due to related parties; (ii) a decrease of RMB0.7 million in accrued payroll; and (iii) a decrease of RMB0.6 million in trade payables.

The following table sets forth the aging analysis of our trade payables presented based on the invoice dates as of the dates indicated.

	As of December 31,		As of July 31,
	2018	2019	2020
	(RMB in thousands)		
Within one month	18,441	13,449	13,405
Over one month but within one year	4,773	657	20
Over one year	–	42	88
Total	**23,214**	**14,148**	**13,513**

As of November 30, 2020, the latest practicable date for the purpose of the indebtedness statement, RMB10.4 million, representing 77.0% of our trade payables as of July 31, 2020, had been subsequently settled.

Derivative Financial Liabilities

During the Track Record Period, our derivative financial liabilities comprised the Series D Adjustment and the Witney Put Option. As of July 31,2020, the fair values of the Series D Adjustment and the Witney Put Option were RMB26.8 million and RMB14.5 million, respectively. The fair value of derivative financial liabilities that are not traded in an active market and is determined by using the applicable valuation techniques, which incorporated unobservable inputs, including expected probability of event, expected volatility and others. For more information related to fair value measurement of our level 3 valuations, see Note 28(e) to the Accountants' Report in Appendix I to this prospectus. For more information related to derivative financial liabilities, see Note 24 and Note 25 to the Accountants' Report set out in Appendix I to this prospectus.

Other Financial Liabilities

As of December 31, 2019, our other financial liabilities represented the Series C Preferred Shares we issued in 2019. As of July 31, 2020, our other financial liabilities represented the Series C Preferred Shares and Series D Preferred Shares we issued. For details, see Note 25 to the Accountants' Report set out in Appendix I to this prospectus. Such Preferred Shares will automatically convert into Shares upon Listing, at which time we expect to reclassify them from liabilities to equity and, accordingly, turn into a net asset position.

LIQUIDITY AND CAPITAL RESOURCES

Net Current Assets/Liabilities

	As of December 31,		As of July 31,	As of November 30,
	2018	2019	2020	
	(RMB in thousands)			
				(unaudited)
Current assets				
Inventories	17,080	49,224	71,936	75,263
Trade and other receivables	9,523	24,917	31,220	40,159
Pledged and time deposits	325	325	325	325
Cash and cash equivalents	50,418	109,263	698,166	650,178
Total current assets	77,346	183,729	801,647	765,925
Current liabilities				
Interest-bearing borrowings	–	20,000	–	–
Trade and other payables	110,954	35,331	43,269	54,351
Contract liabilities	–	3,567	12	1,267
Lease liabilities	4,258	7,249	7,559	9,406
Derivative financial liabilities	–	–	26,782	53,846
Other financial liabilities	–	321,594	1,290,295	1,273,599
Total current liabilities	115,212	387,741	1,367,917	1,392,469
Net current liabilities	(37,866)	(204,012)	(566,270)	(626,544)

Working Capital

Our primary uses of cash relate to the research and development of our product candidates and our payment for the purchase of property, plant and equipment. During the Track Record Period, we primarily funded our working capital requirement through equity financing. We also generated cash from the sales of VitaFlow™ since August 2019. We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. As our business develops and expands, we expect to generate more net cash from our operating activities, through increasing sales revenue of the existing commercialized product and by launching new products. Going forward, we believe our liquidity requirements will be satisfied by using funds from a combination of our bank balances and cash, bank borrowings and net proceeds from the Global Offering. As of July 31, 2020, we had cash and cash equivalents of RMB698.2 million. In addition, as of November 30, 2020, we had unutilized loan facilities of RMB70.0 million.

The Directors are of the opinion that, taking into account the financial resources available to our Group, including cash and cash equivalents, internally generated funds and the estimated net proceeds from the Listing, we have sufficient working capital to cover at least 125% of our costs, including research and development costs, distribution costs, administrative expenses, and other operating costs, for at least the next 12 months from the date of this prospectus.

Our cash burn rate refers to our average monthly (i) net cash used in operating activities; (ii) capital expenditures; and (iii) lease payments. Assuming that the average cash burn rate going forward of approximately 1.7 times the level in 2019, we estimate that our cash and cash equivalents as of November 30, 2020, the latest practicable date for the purpose of the indebtedness statement,

will be able to maintain our financial viability for approximately 23.4 months or, if we also take into account the estimated net proceeds (based on the low-end of the indicative Offer Price) from the Listing, for at least five years. We will continue to monitor our working capital closely and expect to raise our next round of financing, if needed, with a minimum buffer of 12 months.

Cash Flows

The following table sets forth the components of our cash flows for the periods indicated.

	For the year ended December 31,		For the seven months ended July 31,
	2018	2019	2020
	(RMB in thousands)		
Cash flows from operating activities before movement in working capital	(55,614)	(112,081)	(49,552)
Changes in working capital	(14,604)	(30,656)	(26,125)
Net cash used in operating activities	(70,218)	(142,737)	(75,677)
Net cash used in investing activities	(140,914)	(55,669)	(17,644)
Net cash generated from financing activities	171,664	263,159	679,174
Net (decrease)/increase in cash and cash equivalents	(39,468)	64,753	585,853
Cash and cash equivalent at the beginning of the year/period	89,886	50,418	109,263
Effect of foreign exchange rate changes	–	(5,908)	3,050
Cash and cash equivalents at the end of the year/period	50,418	109,263	698,166

Operating Activities

Since inception, we have incurred negative cash flows from our operations. Substantially all of our operating cash outflows have resulted from research and development costs and distribution costs. In view of our net operating cash outflows throughout the Track Record Period, we plan to improve such position by (i) rapidly advancing our late-stage pipeline products towards commercialization to generate revenue from product sales; (ii) adopting comprehensive measures to effectively control our cost and operating expenses, primarily including research and development costs and administrative expenses; (iii) enhancing working capital management efficiency; (iv) successfully launching the Global Offering to obtain the proceeds; and (v) seeking additional funding through public or private offerings, debt financing, collaboration and licensing arrangements or other sources, if needed.

For the seven months ended July 31, 2020, our net cash used in operating activities was RMB75.7 million, primarily reflecting loss before tax of RMB192.6 million, as adjusted for non-cash and non-operating items, which primarily included (i) finance costs of RMB70.4 million; (ii) equity-settled share-based payment of RMB31.6 million; and (iii) fair value changes in financial instruments of RMB28.1 million. The amount was further adjusted for the negative effect in working capital. The negative effect of changes in working capital primarily represents (i) an increase in inventories of RMB21.8 million; (ii) an increase in trade and other receivables of RMB5.5 million; and (iii) a decrease in contract liabilities of RMB3.6 million, partially offset by a decrease in other non-current receivables of RMB5.0 million.

For the year ended December 31, 2019, our net cash used in operating activities was RMB142.7 million, which was primarily attributable to our net loss before tax of RMB144.5 million,

adjusted for non-cash and non-operating items, which primarily included (i) amortization and depreciation of RMB13.8 million; (ii) finance costs of RMB12.4 million; and (iii) fair value changes in financial instruments of RMB8.6 million. This amount was further adjusted for the negative effect in working capital. The negative effect of changes in working capital primarily represents (i) an increase in inventories of RMB32.1 million; and (ii) an increase in trade and other receivables of RMB14.6 million, partially offset by a decrease in other non-current receivables of RMB8.3 million.

For the year ended December 31, 2018, our net cash used in operating activities was RMB70.2 million, which was primarily attributable to our net loss before tax of RMB60.3 million, adjusted for non-cash and non-operating items, which primarily included (i) amortization and depreciation of RMB2.8 million; (ii) equity-settled share-based payment of RMB2.0 million; and (iii) interest income of RMB1.1 million. This amount was further adjusted for the negative effect in working capital. The negative effect of changes in working capital primarily represents (i) increase in inventories of RMB12.0 million; and (ii) an increase in other receivables of RMB7.4 million, partially offset by an increase in trade and other payables of RMB9.2 million.

Investing Activities

For the seven months ended July 31, 2020, our net cash used in investing activities was RMB17.6 million, primarily attributable to (i) payments for intangible assets of RMB12.4 million in relation to the capitalized development costs; and (ii) payments for purchase of property, plant and equipment of RMB5.7 million in relation to purchase of machinery, equipment and leasehold improvement.

For the year ended December 31, 2019, our net cash used in investing activities was RMB55.7 million, primarily attributable to (i) payments for intangible assets of RMB41.3 million, in relation to the capitalized development costs; (ii) payments for purchase of property, plant and equipment of RMB7.4 million in relation to purchase of machinery, equipment and leasehold improvement; and (iii) payments for investments in a joint venture and other financial assets of RMB7.0 million as we increased our investment in 4C Medical.

For the year ended December 31, 2018, our net cash used in investing activities was RMB140.9 million, primarily attributable to (i) payments for investments in a joint venture and other financial assets of RMB76.4 million in relation to our investments in ValCare and 4C Medical; (ii) payments for intangible assets of RMB61.4 million in relation to the capitalized development costs; and (iii) payments for purchase of property, plant and equipment of RMB4.1 million.

Financing Activities

For the seven months ended July 31, 2020, we had RMB679.2 million of net cash flows from financing activities, primarily attributable to RMB705.7 million of proceeds from issuance of Series D Preferred Shares, partially offset by (i) repayments of interest-bearing borrowings of RMB20.0 million; and (ii) capital element of lease payments of RMB4.2 million.

For the year ended December 31, 2019, we had RMB263.2 million of net cash flows from financing activities, primarily attributable to RMB480.6 million of proceeds from issuance of Series B Preferred Shares, RMB317.4 million of proceeds from issuance of Series C Preferred Shares, RMB213.0 million of capital contribution from ordinary shareholders, and RMB118.6 million of loans

from related parties, partially offset by the RMB686.0 million of deemed distributions to the shareholders upon the Restructuring and RMB193.9 million of repayments of loans from related parties.

For the year ended December 31, 2018, we had RMB171.7 million of net cash flows from financing activities, primarily attributable to (i) capital contribution from ordinary shareholders of RMB96.4 million; and (ii) loans from related parties of RMB76.4 million, partially offset by the RMB0.8 million of capital element of lease payment.

Cash Operating Costs

The following table provides information regarding our cash operating costs for the periods indicated.

	For the year ended December 31,		For the seven months ended July 31,	
	2018	2019	2019	2020
	(RMB in thousands)			
R&D Costs				
R&D Costs for Core Product				
Clinical trial expenses	6,727	8,569	5,126	4,493
Staff costs	6,516	13,575	7,892	3,841
Third-party contracting costs	11,231	9,030	7,368	1,563
Raw material costs	18,163	15,720	14,101	5,329
Others	2,262	4,220	2,714	171
R&D Costs for Other Product and Product Candidates				
Clinical trial expenses	1,772	839	218	373
Staff costs	16,966	22,970	13,235	12,204
Third-party contracting costs	12,680	21,573	7,673	3,548
Raw material costs	10,997	16,105	9,606	4,532
Others	7,596	8,667	1,427	1,290
Workforce employment(1)	5,832	13,626	6,598	13,821
Product marketing	5,095	16,138	6,802	13,681
Direct production cost	–	8,588	–	15,790
Non-income taxes, royalties and other governmental charges(2)	104	24	44	52
Contingency allowances	–	–	–	–
Any other significant costs	–	–	–	–

(1) Represents total staff costs mainly including salaries and bonus.
(2) Represent the stamp duties paid.

INDEBTEDNESS

As of December 31, 2018 and 2019, July 31, 2020, and November 30, 2020, except as disclosed in the table below, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, any guarantees or other material contingent liabilities. Since November 30, 2020, the latest practicable date for the purpose of this indebtedness statement, and up to the date of this prospectus, there had been no material adverse change to our indebtedness. The following table sets forth the components of our indebtedness as of the dates indicated.

	As of December 31,		As of July 31,	As of November 30,
	2018	2019	2020	
	(RMB in thousands)			
				(unaudited)
Current				
Other financial liabilities	–	321,594	1,290,295	1,273,599
Lease liabilities	4,258	7,249	7,559	9,406
Interest-bearing borrowings	–	20,000	–	–
Non-current				
Lease liabilities	12,059	11,380	7,459	8,728
Total	16,317	360,223	1,305,313	1,291,733

Other Financial Liabilities

During the Track Record Period, Series C Preferred Shares and Series D Preferred Shares were classified as our other financial liabilities in the consolidated statement of financial position in accordance with HKFRSs. As a result, as of December 31, 2019, July 31, 2020 and November 30, 2020, we had other financial liabilities of RMB321.6 million, RMB1,290.3 million and RMB1,273.6 million, respectively. Such Preferred Shares will automatically convert into Shares upon Listing, at which time we expect to turn into a net asset position. Accordingly, we do not expect to recognize any further financial liabilities from such Preferred Shares in the future.

Lease Liabilities

As of December 31, 2018 and 2019, July 31 and November 30, 2020, we recorded lease liabilities of RMB16.3 million, RMB18.6 million, RMB15.0 million and RMB18.1 million, respectively, which was primarily in relation to the properties we leased for our office premises, manufacturing, research and development. We recognize a lease liability with respect to all leases, except for short-term leases and leases of low value assets.

Interest-bearing Borrowings

Our interest-bearing borrowing was RMB20.0 million as of December 31, 2019 represented a loan from a reputable PRC commercial bank, which was primarily used to fund our business operation. This loan bore interest at rates equivalent to 4.35% per year. We repaid this loan in January 2020.

CAPITAL EXPENDITURE

Our capital expenditure during the Track Record Period represented the additions of intangible assets and property, plant and equipment. In particular, our intangible assets primarily represent the capitalized development costs. The following table sets forth the components of our capital expenditures for the periods indicated.

	For the year ended December 31,		For the seven months ended July 31,
	2018	2019	2020
	(RMB in thousands)		
Intangible assets	66,210	33,802	12,748
Property, plant and equipment	28,243	16,203	5,543
Total	94,453	50,005	18,291

We expect that our capital expenditure in 2020 and 2021 will primarily consist of purchase of machinery and equipment, leasehold improvement and capitalized development costs. We plan to fund our planned capital expenditures using our cash at bank and the net proceeds received from the Global Offering. For more details, see "Future Plans and Use of Proceeds" in this prospectus. We may reallocate the funds to be utilized on capital expenditures based on our ongoing business needs.

CONTRACTUAL OBLIGATIONS

Capital Commitments

As of December 31, 2018 and 2019 and July 31, 2020, the outstanding capital commitments in relation to property, plant and equipment and intangible assets were RMB5.3 million, RMB1.2 million and RMB2.1 million, respectively.

CONTINGENT LIABILITIES

As of December 31, 2018 and 2019 and July 31, 2020, we did not have any contingent liabilities. We confirm that as of the Latest Practicable Date, there have been no material changes or arrangements to our contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

MARKET AND OTHER FINANCIAL RISKS

We are exposed to a variety of market and other financial risks, including credit risk, liquidity risk, interest rate risk and currency risk. We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. See Note 28 to the Accountants' Report set out in Appendix I to this prospectus for more information. The discussion below provides a summary of our market and other financial risks.

Currency Risk

We are exposed to currency risk primarily from (i) purchases which give rise to payables that are denominated in a foreign currency; and (ii) cash in bank that are denominated in U.S. dollars from our

subsidiaries in China. We currently do not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. For further details, see Note 28(d) to the Accountants' Report set out in Appendix I to this prospectus.

Interest Rate Risk

We are exposed to interest rate risk primarily from cash at banks, deposits with banks, interest-bearing borrowings, loans from/to related parties and redeemable preferred shares. We are also exposed to cash flow interest rate risk in relation to the change of market interest rate. No sensitivity analysis is presented since our Directors consider that we are exposed to interest rate risk at a limited level. For details, see Note 28(c) to the Accountants' Report set out in Appendix I in this prospectus.

Credit Risk

Our credit risk is primarily attributable to trade and other receivables. Our exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are state-owned banks or reputable commercial banks for which we consider to have low credit risk. Our management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Our management has assessed that during the Track Record Period, trade and other receivables have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by our management. Our management expects the occurrence of losses from non-performance by the counterparties of trade and other receivables was remote and the loss allowance provision for trade and other receivables was immaterial. For further details, see Note 28(a) to the Accountants' Report set out in Appendix I to this prospectus.

Liquidity Risk

In the management of the liquidity risk, we monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. For further details, see Note 28(b) to the Accountants' Report set out in Appendix I to this prospectus.

KEY FINANCIAL RATIOS

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

	As of December 31,		As of July 31,
	2018	2019	2020
Current ratio[(1)]	0.67	0.47	0.59
Quick ratio[(2)]	0.52	0.35	0.53

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

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

Our current ratio decreased from 0.67 as of December 31, 2018 to 0.47 as of December 31, 2019 because our current liabilities increased by RMB272.5 million mainly due to the increases in other

financial liabilities and interest-bearing borrowings, while our current assets increased at a relatively slower rate.

Our current ratio increased from 0.47 as of December 31, 2019 to 0.59 as of July 31, 2020 because our current assets increased by RMB617.9 million mainly due to an increase in cash and cash equivalents primarily due to the funds we received from our Series D financing, while our current liabilities increased at a relatively slower rate.

Our quick ratio decreased from 0.52 as of December 31, 2018 to 0.35 as of December 31, 2019 because our current liabilities increased by RMB272.5 million mainly due to the increases in other financial liabilities and interest-bearing borrowings, while our quick assets increased at a relatively slower rate.

Our quick ratio increased from 0.35 as of December 31, 2019 to 0.53 as of July 31, 2020 because our quick assets increased by RMB595.2 million mainly due to an increase in cash and cash equivalents primarily due to the funds we received from our Series D financing, while our current liabilities increased at a relatively slower rate.

TRANSACTIONS WITH RELATED PARTIES

We had the following transactions during the Track Record Period, and the following table sets forth our transactions with related parties for the periods indicated.

	For the year ended December 31,		For the seven months ended July 31,
	2018	2019	2020
	(RMB in thousands)		
Financing arrangements with related parties			
— Loans from related parties	76,359	118,605	–
— Repayment of loans from related parties	–	(193,852)	–
— Loans to a related party	(50,000)	–	–
— Loans repaid by a related party	50,000	–	–
— Additions of right-of-use assets and lease liabilities	11,690	6,274	560
— Interest income generated from above financing arrangements	170	–	–
— Finance cost arising from above financing arrangements	551	3,129	345
Purchase of goods from related parties	11,339	7,835	590
Service fee charged by related parties	10,209	11,390	3,252
Short-term lease charged by a related party	371	–	93
Payment on behalf of the Group by a related party	–	–	8
Guarantee issued by a related party in respect of our bank loans	–	70,000	–

Our Directors are of the view that each of the related party transactions set out in Note 30 to the Accountants' Report in Appendix I to this prospectus was conducted in the ordinary course of business on an arm's-length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our historical results or make our historical results not reflective of our future performance. In addition, all guarantee from related party, namely, Shanghai MicroPort Medical, had been released in November 2020.

DIVIDENDS

No dividend has been paid or declared by our Company during the Track Record Period. Any future declarations and payments of dividends will be at the absolute discretion of our Board subject to the approval by the general meeting. There can be no assurance that we will be able to declare or distribute any dividend in the amount set out in any plan of the Board or at all. Currently, we do not have any dividend policy or intention to declare or pay any dividends in the near future. As advised by our Cayman Islands counsel, under the Companies Act and the Memorandum and Articles, the Company may declare and pay a dividend out of either profits or share premium account, provided always that in no circumstances may a dividend be declared or paid if such payment would result in the Company being unable to pay its debts as they fall due in the ordinary course of business. Investors should not purchase our Shares with the expectation of receiving cash dividends.

DISTRIBUTABLE RESERVES

As of July 31, 2020, we had distributable reserves, representing share premium of RMB481.8 million, which is available for distribution to our Shareholders subject to the provisions of the Cayman Islands Companies Act and the Memorandum and Articles.

LISTING EXPENSES

Listing expenses to be borne by us are estimated to be approximately RMB123.4 million (including underwriting commission, assuming an Offer Price of HK$11.65 per Share, being the mid-point of the indicative Offer Price range of HK$11.10 to HK$12.20 per Share), assuming no Shares are issued pursuant to the Over-allotment Option. For the seven months ended July 31, 2020, the listing expenses charged to profit or loss were RMB15.1 million. After July 31, 2020, approximately RMB34.0 million is expected to be charged to our consolidated statements of profit or loss, and approximately RMB74.3 million is expected to be accounted for as a deduction from equity upon the Listing. Our listing expenses as a percentage of gross proceeds is 6.2%, assuming an Offer Price of HK$11.65 per Share, (being the mid-point of the indicative Offer Price range stated in this prospectus) and assuming that the Over-allotment Option is not exercised. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

LOSS ESTIMATE FOR THE YEAR ENDED DECEMBER 31, 2020

We have prepared the following loss estimate for the year ended December 31, 2020.

Estimated consolidated loss attributable to equity shareholders of the Company for the year ended December 31, 2020[(1)]	No more than RMB400.0 million

(1) The basis on which the above estimate has been prepared is set out in Appendix IIB in this prospectus. Our Directors have prepared the estimated consolidated loss attributable to equity shareholders of the Company for the year ended December 31, 2020 based on (i) the audited consolidated results of our Group for the seven months ended July 31, 2020 and (ii) the unaudited consolidated results based on the management accounts of our Group for the five months ended December 31, 2020.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of our Group prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules is to illustrate the effect of the

Global Offering on our consolidated net tangible liabilities of our Group as of July 31, 2020 as if the Global Offering had taken place on that date. The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of our consolidated net tangible assets of our Group had the Global Offering been completed as of July 31, 2020 or at any future dates.

	Consolidated net tangible liabilities of our Group as of July 31, 2020[1]	**Estimated net proceeds from the Global Offering[2]**	**Estimated impact upon the conversion of Series C Preferred Shares and Series D Preferred Shares[3]**	**Unaudited pro forma adjusted net tangible assets as of July 31, 2020**	**Unaudited pro forma adjusted net tangible assets per Share[4]**	
	(RMB in thousands)				**RMB**	**HK$ equivalent[5]**
Based on an Offer Price of HK$11.10 per Share	(454,422)	1,798,180	1,317,077	2,660,835	1.12	1.35
Based on an Offer Price of HK$12.20 per Share	(454,422)	1,979,175	1,317,077	2,841,830	1.20	1.44

(1) The consolidated net tangible liabilities of our Group as of July 31, 2020, is calculated based on the consolidated net liabilities of RMB228,195,000 as of July 31, 2020, less the intangible assets of RMB226,227,000, extracted from the Accountants' Report set out in Appendix I to the prospectus.

(2) The estimated net proceeds from the Global Offering are based on the indicative Offer Prices of HK$11.10 and HK$12.20 per Share, being the low end price and high end price of the indicative Offer Price range respectively, after deduction of the estimated underwriting fees and other related expenses related to Global Offering (excluding approximately RMB15,123,000 listing expenses which has been charged to profit or loss up to July 31, 2020) and the issuance of 205,620,000 Shares, taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted into Renminbi at an exchange rate of HK$1.1996 to RMB1.00. No representation is made that the Hong Kong dollars amounts have been, or could have been or may be converted into Renminbi, or vice versa at that rate.

(3) The aggregated balance of Series C Preferred Shares and Series D Preferred Shares including the Series D Adjustment was RMB1,317,077,000 as of July 31, 2020 (as set out in Note 25 of Appendix I in this prospectus). Upon the Listing, Series C Preferred Shares and Series D Preferred Shares will be automatically converted into ordinary shares of our Company and will be re-designated from liabilities to equity.

(4) The unaudited pro forma adjusted net tangible assets per Share is arrived at after adjustments referred to the preceding paragraphs and on the basis that 2,366,167,020 Shares were in issue assuming that the Global Offering and the Share Subdivision had been completed on July 31, 2020 (including completion of the conversion of Series B Preferred Shares, Series C Preferred Shares and Series D Preferred Shares into ordinary shares of our Company) without taking into account of any Shares which may be issued upon exercise of the Over-allotment Option.

(5) For the purpose of this pro forma adjusted net tangible assets, the balances stated in Renminbi are converted into Hong Kong dollars at a rate of RMB0.8336 to HK$1.00. No representation is made that the Renminbi amounts have been, could have been or may be converted into Hong Kong dollars, or vice versa at that rate.

(6) No adjustment has been made to the unaudited pro forma adjusted net tangible assets to reflect any trading result or other transactions of our Group entered into subsequent to July 31, 2020.

NO MATERIAL ADVERSE CHANGE

Save as disclosed in this prospectus, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position since July 31, 2020 (being the date on which the latest audited consolidated financial information of our Group was prepared) and there is no event since July 31, 2020 which would materially affect the information

shown in our consolidated financial statements included in the Accountants' Report in Appendix I to this prospectus.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND PROSPECTS

See "Business—Business Strategy" for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$2,247.5 million, after deducting underwriting commissions, fees and estimated expenses payable by us in connection with the Global Offering, and assuming an Offer Price of HK$11.65 per Share, which is the mid-point of the indicative Offer Price range stated in this prospectus. If the Offer Price is set at HK$12.20 per Share, which is the high end of the indicative Offer Price range, the net proceeds from the Global Offering will increase by approximately HK$108.6 million. If the Offer Price is set at HK$11.10 per Share, which is the low end of the indicative Offer Price range, the net proceeds from the Global Offering will decrease by approximately HK$108.6 million.

Assuming an Offer Price at the mid-point of the indicative Offer Price range, we currently intend to apply these net proceeds for the following purposes:

- 30.0%, or approximately HK$674.2 million, will be allocated to our Core Product, namely VitaFlow™ II including:
  - 15.6% of the net proceeds, or approximately HK$350.6 million, will be used for the ongoing R&D activities, clinical trial and product registration of VitaFlow™ II for the next five years in Europe, China and emerging markets, including (i) 4.6% of the net proceeds will be used to advance our global strategies in Europe. As part of our global strategies, we plan to complete the clinical trial of VitaFlow™ II in Europe, seek CE Mark registration and conduct post-marketing clinical trials in Europe; (ii) 8.2% of the net proceeds will be used for product registration and post-marketing clinical trials in China as well as five-year follow-up evaluations in relation to the Registration Clinical Trial for VitaFlow™ II; and (iii) 2.8% of the net proceeds will be used for product registration of VitaFlow™ II in Argentina, Thailand, India, Russia and South Korea;
  - 14.4% of the net proceeds, or approximately HK$323.6 million, will be used for the ongoing sales and marketing activities of VitaFlow™ II in China and overseas, in order to expand our sales channels, continue patient education and clinical knowledge of physicians and increase the penetration rate of VitaFlow™ II;
- 3.4%, or approximately HK$76.4 million will be allocated to our first commercialized TAVI product, namely, VitaFlow™, including:
  - 1.7% of the net proceeds will be used for ongoing R&D activities. We plan to source raw materials (including bovine pericardium, nitinol component and catheter) from more suppliers and continue our R&D efforts in valve processing technique that is the most suitable for new raw material. We also plan to conduct other R&D activities to improve our manufacturing technique and the performance of the loading and delivery system;

- 0.8% of the net proceeds will be used for the commercialization of VitaFlow™ in China to enhance patient education and clinical knowledge of physicians of VitaFlow™;

- 0.7% of the net proceeds will be used to complete the five-year follow-up evaluations of the pre-approval clinical trial and the post-approval clinical trial, which are prerequisite for the renewal of the marketing approval of VitaFlow™ in 2024;

- 0.2% of the net proceeds will be used for product registration in other emerging markets, such as Russia;

- 27.0%, or approximately HK$606.8 million, will be allocated to the remaining products in our current product pipeline including:

  - 7.0%, or approximately HK$157.3 million, will be used to fund the research, pre-clinical, clinical trial and commercialization of our third-generation self-expanding TAVI product, namely VitaFlow™ III, and balloon-expandable TAVI product, namely VitaFlow™ Balloon Expandable, for the next five years. Currently, we are conducting early-stage design realization and design verification for our third-generation self-expanding TAVI product and balloon-expandable TAVI product. Our third-generation self-expanding TAVI product will adopt a novel valve design and our upgraded anti-calcification technology. Such technologies will further enhance the durability of the TAVI product. We consider our third-generation self-expanding TAVI product will be a competitive TAVI product. In addition, we are also conducting design realization of our balloon-expandable TAVI product, which is expected to compete with other balloon-expandable TAVI product in China if receiving the NMPA marketing approval. We plan to initiate clinical trial in China for the third-generation self-expanding TAVI product and balloon-expandable TAVI product by the end of 2023;

  - 11.5%, or approximately HK$258.5 million, will be used to fund the ongoing and planned R&D of our TMV product candidates for the next five years, including our self-developed replacement product and edge to edge - repair product, as well as AltaValve, Corona and Amend. For our self-developed replacement product and edge to edge - repair product, we are currently conducting design realization and verification and we plan to initiate clinical trial in China by the end of 2023. We will also advance product registration in China with respect to other product candidate namely AltaValve, Corona and Amend we are collaborating on with our business partners;

  - 6.0%, or approximately HK$134.8 million, will be used to fund the ongoing and planned R&D of our TTVR product candidates, surgical valves and procedural accessories, including our edge to edge TTV repair product, surgical valve replacement product, Alwide™ balloon catheter II, Alwide™ balloon catheter III, Alpass™ catheter sheath II, expandable sheath and embolic protection device. For these products, we are currently conducting design realization and design

verification. With respect to our edge to edge TTV repair product, surgical valve replacement product and embolic protection device, we plan to initiate clinical trial in China by the end of 2023. With respect to the remaining procedural accessories, we plan to submit the registration material by the end of 2022;

- 2.5%, or approximately HK$56.2 million, will be used to fund the planned commercialization activities after receiving the relevant regulatory approvals;

- 15.0%, or approximately HK$337.1 million, will be allocated to fund the expansion of our product portfolio through collaboration with global enabler, including medical device companies and research institutes through merger and acquisition, in-licensing or equity investments, among others;

- 14.6%, or approximately HK$328.1 million will be used to expand our production capacity and strengthen our manufacturing capabilities for VitaFlow™ and VitaFlow™ II;

- 10.0%, or approximately HK$224.7 million, will be used for our working capital and general corporate purposes.

The above allocation of the net proceeds from the Global Offering will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the indicative Offer Price range stated in this prospectus. If the Over-allotment Option is exercised in full, the net proceeds that we will receive will be approximately HK$2,592.4 million, assuming an Offer Price of HK$11.65 per Share (being the mid-point of the indicative Offer Price range). In the event that the Over-allotment Option is exercised in full, we intent to apply the additional net proceeds to the above purposes in the proportions stated above.

To the extent that the net proceeds from the Global Offering are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, so long as it is deemed to be in the best interests of the Company, we may hold such funds in short-term demand deposits with licensed banks or authorized financial institutions in Hong Kong.

HONG KONG UNDERWRITERS

J.P. Morgan Securities (Asia Pacific) Limited
Citigroup Global Markets Asia Limited
China International Capital Corporation Hong Kong Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

The Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering 20,562,000 Hong Kong Offer Shares (subject to adjustment) for subscription by the public in Hong Kong on the terms and subject to the conditions in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering as mentioned in this prospectus (including any Shares that may be issued under the Over-allotment Option) and such approval not having been withdrawn, and (b) certain other conditions set out in the Hong Kong Underwriting Agreement (including, amongst others, the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and our Company, agreeing upon the Offer Price), the Hong Kong Underwriters have agreed, severally but not jointly to subscribe, or procure subscribers to subscribe for their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions as set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to, amongst other things, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination. If at any time prior to 8:00 a.m. on the Listing Date:

(a) there shall develop, occur, exist or come into effect:

(i) any new law or regulation or any change or development involving a prospective change in any existing law or regulation, or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting Hong Kong, the Cayman Islands, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), Japan or Singapore (collectively, the "**Relevant Jurisdictions**"); or

(ii) any change or development involving a prospective change or development in, or any event or circumstance or series of events or circumstances resulting or likely to

result in or representing a change or development, or a prospective change or development, in any local, national, regional or international financial, political, military, industrial, legal, fiscal, economic, regulatory, credit, market or currency matters or conditions or exchange control or any monetary or trading settlement system (including but not limited to a change in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets or a change in the system under which the value of the Hong Kong dollar is linked to the U.S. dollar or revaluation of Hong Kong dollar or Renminbi against any foreign currencies or a change in any other currency exchange rates) in or affecting any of the Relevant Jurisdictions, including any event which involves one or more members of the European Union announcing, voluntarily or compulsorily, its or their intention to leave the Economic and Monetary Union of the European Union; or

(iii) the imposition after the date of the Hong Kong Underwriting Agreement of any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the London Stock Exchange, the Singapore Stock Exchange, the Tokyo Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the New York Stock Exchange or in the NASDAQ Global Market; or

(iv) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent government authority), New York (imposed at Federal or New York State level or other competent government authority), London or any other Relevant Jurisdictions, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in or affecting any of the Relevant Jurisdictions; or

(v) a change or development or event involving a prospective change in taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment regulations (including, without limitation, a change in the system under which the value of the Hong Kong dollar is linked to the U.S. dollar, or a devaluation of the U.S. dollar, Euro, Hong Kong dollar or the Renminbi against any foreign currencies) in any of the Relevant Jurisdictions; or

(vi) any imposition of economic sanctions, or the withdrawal of trading privileges, other than those publicly proposed on or prior to the date of the Hong Kong Underwriting Agreement, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions; or

(vii) the outbreak or escalation of hostilities (whether or not war is or has been declared) involving or affecting any of the Relevant Jurisdictions or the declaration by any of the Relevant Jurisdictions of a national emergency or war or any other national or international calamity or crisis; or

(viii) any event or circumstance or series of events or circumstances, in the nature of force majeure in or affecting any of the Relevant Jurisdictions including, without limiting the generality thereof, any act of God, act of government, declaration of a national or international emergency or war, calamity, crisis, riot, public disorder, civil commotion, flood, explosion, epidemic (including SARS, swine or avian flu, H5N1, H1N1, H7N9, COVID-19 or such related/mutated forms), pandemic, earthquake, terrorism, volcanic eruption, strike; or

(ix) any Director being charged with an indictable offense or prohibited by operation of law or otherwise disqualified from taking part in the management of a company or the commencement by any government, political, regulatory body of any action against any Director in his or her capacity as such or an announcement by any governmental, political or regulatory body that it intends to take any such action; or

(x) the chairman of the Company or any of our Directors vacating his office or seeking to retire, or is removed from office; or

(xi) an authority in any Relevant Jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any member of the Group or any Director; or

(xii) any litigation or claim or proceedings being threatened or instigated against any member of the Group or the Controlling Shareholders; or

(xiii) any contravention by any member of the Group or any Director of the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Listing Rules or other applicable laws; or

(xiv) a valid prohibition on the Company for whatever reason from offering, allotting or issuing the Offer Shares pursuant to the terms of the Global Offering; or

(xv) a non-compliance of this prospectus or the Application Forms (and/or any other documents issued or used in connection with the Global Offering) or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or

(xvi) except with the prior written consent of the Joint Global Coordinators, the issue or requirement to issue by the Company of any supplement or amendment to this prospectus or the Application Forms (and/or any other documents issued or used in connection with the Global Offering) pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

(xvii) any change, development or a prospective change in, or a materialization of, any of the risks set out in the section headed "Risk Factors" in this prospectus; or

(xviii) an order or a petition is presented for the winding up or liquidation of any member of the Group or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Group or a provisional liquidator, receiver

or manager is appointed over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group; or

(xix) any contravention by the Company of the Listing Rules or applicable laws; or

(xx) a valid demand by any creditor for repayment or payment of any of the Group's indebtedness or in respect of which the Group is liable prior to its stated maturity; or

(xxi) a material portion of the orders placed or confirmed in the book-building process, or of the investment commitments made by any cornerstone investors under agreements signed with such cornerstone investors, have been withdrawn, terminated or canceled, or any cornerstone investment agreement is terminated,

and which, individually or in the aggregate, in the sole and absolute opinion of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters),

(A) has or will have or is likely to have a material adverse effect to the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profit, losses, results of operations, financial or trading position, or performance of the Group as a whole; or

(B) has or will have or is likely to have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or

(C) makes or will make or is likely to make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering; or

(D) has or will have or is likely to have the effect of making any material part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents or delays the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(b) there has come to the notice of the Joint Global Coordinators after the date of the Hong Kong Underwriting Agreement:

(i) that any statement contained in any of this prospectus, the Application Forms and/or in any notices or announcements published on the website of the Stock Exchange, any press release published on the website of the Company or communications with the Stock Exchange and the SFC issued by or on behalf of the Company in connection with the Hong Kong Public Offering and the Preferential Offering (including any supplement or amendment thereto) (but excluding information relating to the Underwriters, it being understood that such information consists of only their logos, names and addresses) was, when it was issued, or has become, untrue, incorrect, inaccurate or misleading in any material respect, or that any forecast, estimate, expressions of opinion, intention or expectation contained in any

of this prospectus and the Application Forms in connection with the Hong Kong Public Offering and the Preferential Offering was, when it was issued, or has become not fair and honest and based on reasonable assumptions; or

(ii) any event, act or omission which gives or is likely to give rise to any material liability of any of the Indemnifying Parties (as defined in the Hong Kong Underwriting Agreement) pursuant to the indemnities given by any of them under the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable; or

(iii) any material breach on the part of the Warrantors (as defined in the Hong Kong Underwriting Agreement) of any of the obligations under the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or

(iv) any breach, or any event or circumstance rendering any of the Warranties (as defined in the Hong Kong Underwriting Agreement) untrue or incorrect or misleading; or

(v) any material adverse change or development involving a prospective material adverse change or development in the assets, liabilities, business, management, prospects (financial or otherwise), shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Group as a whole; or

(vi) any expert, whose consent is required for the issue of this prospectus with the inclusion of its reports, letters or opinions and references to its name included in the form and context in which respectively appears (other than the Joint Sponsors), has withdrawn its respective consent to the issue of this prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to such reports, letters and/or legal opinion included in the form and context in which it respectively appears; or

(vii) approval by the Listing Committee of the listing of, and permission to deal in, the Shares in issue and to be issued (including any additional Shares that may be issued pursuant to the exercise of the Over-Allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, canceled, qualified (other than by customary conditions), revoked or withheld; or

(viii) the Company withdraws this prospectus and the Application Forms (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering,

then the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and the Joint Sponsors, may, in their sole and absolute discretion and upon giving notice in writing to the Company, terminate the Hong Kong Underwriting Agreement with immediate effect.

Undertakings by the Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that we will not issue any further Shares or securities convertible into equity securities (whether or not of a class already listed) or enter into any agreement to such issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except:

(a) in certain circumstances prescribed by Rule 10.08 of the Listing Rules; or

(b) pursuant to the Global Offering (including the Over-allotment Option).

Pursuant to the Hong Kong Underwriting Agreement, we have undertaken to each of the Joint Sponsors, the Joint Global Coordinators and the Hong Kong Underwriters not to, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the "**First Six-Month Period**"), except for the issue, offer or sale of the Offer Shares pursuant to the Global Offering, without the prior written consent of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(i) offer, allot, issue, sell, accept subscription for, contract to allot, issue or sell, contract or agree to allot, issue or sell, assign, grant or sell any option, warrant, right or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, or otherwise transfer or dispose of, or agree to transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in any Shares or other equity securities of our Company, or any interests in any of the foregoing (including, but not limited to, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other equity securities of our Company); or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership (legal or beneficial) of any Shares or other equity securities of our Company, or any interest therein (including, without limitation, any securities of which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Shares or other equity securities of our Company); or

(iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above; or

(iv) offer to or contract to or agree to announce, or publicly disclose that the Company will or may enter into any transaction described (i), (ii) or (iii) above;

in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of the Shares or such other securities of our Company, as applicable, or in cash or otherwise (whether or not such issue of the Shares or securities of the Company, as applicable will be completed within the First Six-Month Period).

In the event that, at any time during the period of six months commencing on the expiry of the First Six-Month Period (the "**Second Six-Month Period**"), our Company enters into any of the transactions specified in (i), (ii) or (iii) above or offers to or agrees to or contracts to or announces or publicly discloses, any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that any such transaction, offer, agreement or announcement will not create a disorderly or false market in the securities of our Company.

Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07(1) and Rule 10.07(3) of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and the Company that, except pursuant to the Stock Borrowing Agreement:

(a) at any time in the period commencing on the date by reference to which disclosure of their shareholding in the Company is made in this prospectus and ending on the date which is six months from the Listing Date, it shall not and shall procure the relevant registered holder(s) shall not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it is shown by the prospectus to be the beneficial owner;

(b) at any time in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, it shall not and shall procure the relevant registered holder(s) shall not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (a) above if, immediately following such disposal or upon exercise or enforcement of such options, rights, interests or encumbrances, he or it would cease to be a Controlling Shareholder and/or a group of Controlling Shareholders of the Company, as the case may be;

(c) within the period commencing on the date by reference to which disclosure of our shareholdings in the Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, it will:

  (i) when any of them pledges or charges any securities or interests in any securities of the Company beneficially owned by any of them, whether directly or indirectly, in favor of any authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, immediately inform the Company of such pledge or charge together with the number of Shares so pledged or charged; and

  (ii) when any of the Controlling Shareholders receives indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledged or charged Shares will be disposed of, immediately inform the Company in writing of such indications.

MicroPort has undertaken to each of our Company, the Joint Sponsors, the Joint Global Coordinators and the Hong Kong Underwriters that, save as pursuant to the Global Offering and the Stock Borrowing Agreement, without the prior written consent of the Joint Sponsors and the Joint

Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules, it will not, at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date that is six months after the Listing Date (the "**Lock-up Period**"):

(a) (i) offer, pledge, charge, sell, contract to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other equity securities of our Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other equity securities of our Company and any securities in any company holding any interest in our Company); or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such capital or securities or any interest therein; or

(iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above; or

(iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above, in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of the Company in cash or otherwise; and

(b) it will not enter into any transaction described in (a)(i), (ii), (iii) or (iv) above or agree or contract to or publicly announce any intention to enter into any such transaction if, immediately following such transaction, it would cease to be a controlling shareholder (as defined in the Listing Rules) of our Company during the Second Six-Month Period; and

(c) until the expiry of the Second Six-Month Period, in the event that it enters into any such transactions specified in (a)(i), (ii), (iii) or (iv) above or agrees or contracts to, or publicly announces an intention to enter into any such transactions, it will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company,

provided that nothing contained in the above shall prevent our Controlling Shareholder from (i) purchasing additional Shares or other securities of our Company and disposing of such additional Shares or securities of our Company, (ii) using the Shares or other securities of our Company or any interest therein beneficially owned by them as security (including a charge or a pledge) in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan.

Indemnity

We have agreed to indemnify the Joint Global Coordinators, the Joint Sponsors and the Hong Kong Underwriters for certain losses which they may suffer, including, among other matters, losses

incurred arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

Commission and Expenses and Joint Sponsors' Fee

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) will receive an underwriting commission equal to 3% of the aggregate Offer Price in respect of all Offer Shares in the Global Offering. In addition, at the discretion of our Company, the Joint Global Coordinators (for themselves and on behalf of the Underwriters) may also receive a discretionary incentive fee of up to 1% of the aggregate Offer Price in respect of all Offer Shares (including any Shares to be issued pursuant to the exercise of the Over-allotment Option).

Assuming the Over-allotment Option is not exercised and based on an Offer Price of HK$11.65 (being the mid-point of our Offer Price range stated in this prospectus), the aggregate commissions and fees, together with the Stock Exchange listing fees, the Stock Exchange trading fee of 0.005% per Share, SFC transaction levy of 0.0027% per Share, brokerage fee, legal and other professional fees and printing and other expenses relating to the Global Offering, are estimated to be approximately HK$148.0 million.

An aggregate amount of US$1,500,000 (excluding expenses) is payable by the Company as sponsor fees to the Joint Sponsors.

Hong Kong Underwriters' Interests in Our Company

Save for the obligations under the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding or beneficial interests in any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any member of our Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

The International Offering

International Underwriting Agreement

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with, among others, the International Underwriters. Under the International Underwriting Agreement and subject to the Over-allotment Option, it is expected that the International Underwriters would, subject to certain conditions set out therein, severally but not jointly, agree to procure purchasers for, or to purchase, the International Offering Shares being offered pursuant to the International Offering or procure purchasers for their respective applicable proportions of International Offering Shares. Please refer to the section headed "Structure of the Global Offering — The International Offering" for details.

Over-allotment Option and Stabilization

For more details of the arrangements relating to the Over-allotment Option and stabilization, please see the section headed "Structure of the Global Offering" in this prospectus.

Restrictions on the Offer Shares

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

ACTIVITIES BY SYNDICATE MEMBERS

We describe below a variety of activities that underwriters of the Hong Kong Public Offering and the International Offering, together referred to as "Syndicate Members", may each individually undertake, and which do not form part of the underwriting or the stabilizing process. When engaging in any of these activities, it should be noted that the Syndicate Members are subject to restrictions, including the following:

(a) under the agreement among the Syndicate Members, all of them (except for the Stabilization Manager or its designated affiliate as the Stabilization Manager) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) all of them must comply with all applicable laws, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the accounts of others. In relation to our Shares, those activities could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by the Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section headed "Structure of the Global Offering." Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

INDEPENDENCE OF THE JOINT SPONSORS

Each of J.P. Morgan Securities (Far East) Limited and Citigroup Global Markets Asia Limited satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

China International Capital Corporation Limited ("**CICC**") is the holding company of China International Capital Corporation Hong Kong Securities Limited, one of the joint sponsors. CICC is deemed to be interested in approximately 8.40% of the total issued shares of our Company immediately before the Global Offering by indirectly controlling CICC Kangzhi (Ningbo) Equity Investment Management Co., Ltd., which is the general partner of CICC Kangrui. Accordingly, China International Capital Corporation Hong Kong Securities Limited is not considered an independent sponsor pursuant to Rule 3A.07 of the Listing Rules.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The listing of the Shares on the Stock Exchange is sponsored by the Joint Sponsors. The Joint Sponsors have made an application on our behalf to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued as described in this prospectus. The Global Offering comprises:

(a) the Hong Kong Public Offering of initially 20,562,000 Offer Shares (subject to adjustment) in Hong Kong as described below in the section headed "— The Hong Kong Public Offering"; and

(b) the International Offering of initially 185,058,000 Offer Shares (subject to adjustment and the Over-allotment Option) (i) in the United States to Qualified Institutional Buyers, or QIBs, in reliance on Rule 144A or another available exemption; and (ii) outside the United States (including to professional and institutional investors within Hong Kong) in reliance on Regulation S or other available exemption from the registration requirements of the U.S. Securities Act.

Of the 185,058,000 Offer Shares initially being offered under the International Offering, 10,281,000 Offer Shares (representing approximately 5.56% and 5% of the Offer Shares initially being offered under the International Offering and the Global Offering, respectively) will be offered to Qualifying MicroPort Shareholders as an Assured Entitlement as described in "— The Preferential Offering."

Investors may either:

(a) apply for Hong Kong Offer Shares under the Hong Kong Public Offering;

(b) apply for or indicate an interest for International Offer Shares under the International Offering, but may not do both (except that Qualifying MicroPort Shareholders who are eligible to apply for the Reserved Shares in the Preferential Offering may also either (i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering, if eligible; or (ii) indicate an interest for International Offer Shares under the International Offering, if qualified to do so).

The Offer Shares will represent approximately 8.69% of the issued share capital of the Company immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 9.86% of the issued share capital of the Company immediately following the completion of the Global Offering. In the event the Over-allotment Option is exercised, the number of Reserved Shares will not change.

References in this prospectus to applications, Application Forms, application monies or the procedure for applications relate solely to the Hong Kong Public Offering and the Preferential Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares Initially Offered

We are initially offering 20,562,000 Hong Kong Offer Shares, representing 10% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price for subscription by the public in Hong Kong. Subject to the reallocation of Offer Shares between (i) the International Offering and (ii) the Hong Kong Public Offering, the Hong Kong Offer Shares will represent approximately 0.87% of our Company's enlarged issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers and companies (including fund managers) whose ordinary business involves dealing in shares and other securities, and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out below in the section headed "— Conditions of the Hong Kong Public Offering."

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) will be divided into two pools for allocation purposes:

Pool A: The Hong Kong Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with a total subscription price of HK$5.0 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) or less.

Pool B: The Hong Kong Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with a total subscription price of more than HK$5.0 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) and up to the total value of Pool B.

For the purpose of this sub-section only, the "subscription price" for Hong Kong Offer Shares means the price payable on application (without regard to the Offer Price as finally determined).

Applicants should be aware that applications in Pool A and applications in Pool B may receive different allocation ratios. If Hong Kong Offer Shares in one (but not both) of the two pools are

undersubscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly.

Applicants can only receive an allocation of Hong Kong Offer Shares from either Pool A or Pool B, but not from both pools. Multiple or suspected multiple applications and any application for more than 10,281,000 Hong Kong Offer Shares (being 50% of the 20,562,000 Offer Shares initially available under the Hong Kong Public Offering) will be rejected.

Reallocation

Paragraph 4.2 of Practice Note 18 of the Listing Rules and the Guidance Letter HKEX-GL91-18 issued by the Stock Exchange require a clawback mechanism to be put in place, which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of Offer Shares offered in the Global Offering if the Offer Shares under the International Offering are fully subscribed or oversubscribed and certain prescribed total demand levels in the Hong Kong Public Offering are reached as further described below:

- If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then no Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 20,562,000 Offer Shares, representing 10% of the Offer Shares initially available under the Global Offering.

- If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 61,686,000 Offer Shares, representing 30% of the Offer Shares initially available under the Global Offering.

- If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 82,248,000 Offer Shares, representing 40% of the Offer Shares initially available under the Global Offering.

- If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 102,810,000 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Global Coordinators deem appropriate.

In addition, the Joint Global Coordinators may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering, regardless of whether any reallocation pursuant to paragraph 4.2 of Practice Note 18 of the Listing Rules is triggered.

If the Offer Shares under the International Offering are not fully subscribed, and if the number of Offer Shares validly applied for in the Hong Kong Public Offering represents more than 100% of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering, the Joint Global Coordinators may, at their discretion, reallocate the Offer Shares initially allocated for the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering, provided that the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering shall not be increased to more than 41,124,000 Offer Shares, representing two times the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering and 20% of the total number of Offer Shares initially available under the Global Offering in accordance with Guidance Letter HKEX-GL91-18 issued by the Stock Exchange, and the final Offer Price shall be fixed at the low end of the indicative Offer Price range (i.e. HK$11.10 per Offer Share) stated in this prospectus.

If the Hong Kong Public Offering is not fully subscribed, the Joint Global Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Global Coordinators deem appropriate.

The Reserved Shares which are offered under the Preferential Offering to Qualifying MicroPort Shareholders out of the Offer Shares being offered under the International Offering will not be subject to reallocation between the Hong Kong Public Offering and the International Offering.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest in, and will not apply for or take up, or indicate an interest in, any International Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$12.20 per Offer Share in addition to the brokerage, SFC transaction levy and the Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the section headed "— Pricing and Allocation" below, is less than the maximum price of HK$12.20 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application

monies) will be made to successful applicants, without interest. Further details are set out below in the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares."

THE PREFERENTIAL OFFERING

Basis of the Assured Entitlement

In order to enable MicroPort Shareholders to participate in the Global Offering on a preferential basis as to allocation only, subject to the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares on the Main Board of the Stock Exchange and the Global Offering becoming unconditional, Qualifying MicroPort Shareholders are being invited to apply for an aggregate of 10,281,000 Reserved Shares in the Preferential Offering as Assured Entitlement (representing approximately 5.56% and 5% of the Offer Shares initially being offered under the International Offering and the Global Offering, respectively). The Reserved Shares are being offered out of the International Offer Shares under the International Offering and are not subject to reallocation as described in "— The Hong Kong Public Offering — Reallocation" above. In the event the Over-allotment Option is exercised, the number of Reserved Shares will not change.

The basis of the Assured Entitlement is one Reserved Share for every integral multiple of 200 MicroPort Shares held by Qualifying MicroPort Shareholders as at 4:30 p.m. on the Record Date.

Qualifying MicroPort Shareholders should note that Assured Entitlement to Reserved Shares may not represent a number of a full board lot of 1,000 Shares. Further, the Reserved Shares allocated to the Qualifying MicroPort Shareholders will be rounded down to the closest whole number if required. No odd lot matching services will be provided and dealings in odd lots of the Shares may be at a price below the prevailing market price for full board lots.

Assured Entitlement of Qualifying MicroPort Shareholders to Reserved Shares are not transferable and there will be no trading in nil-paid entitlements on the Stock Exchange.

Qualifying MicroPort Shareholders who hold less than 200 MicroPort Shares on the Record Date and therefore will not have an Assured Entitlement to the Reserved Shares will still be entitled to participate in the Preferential Offering by applying for excess Reserved Shares as further described below.

Basis of Allocation for Applications for Reserved Shares

Qualifying MicroPort Shareholders may apply for a number of Reserved Shares which is greater than, less than or equal to their Assured Entitlement or may apply only for excess Reserved Shares under the Preferential Offering.

A valid application for a number of Reserved Shares which is less than or equal to a Qualifying MicroPort Shareholder's Assured Entitlement under the Preferential Offering will be accepted in full, subject to the terms and conditions set out in the **BLUE** Application Form, and assuming the conditions of the Preferential Offering are satisfied.

Where a Qualifying MicroPort Shareholder applies for a number of Reserved Shares which is greater than the Qualifying MicroPort Shareholder's Assured Entitlement under the Preferential

Offering, the relevant Assured Entitlement will be satisfied in full (subject to terms and conditions mentioned above) but the excess portion of such application will only be met to the extent that there are sufficient Available Reserved Shares (as defined below).

Where a Qualifying MicroPort Shareholder applies for excess Reserved Shares only under the Preferential Offering, such application will only be satisfied to the extent that there are sufficient Available Reserved Shares as described below.

Qualifying MicroPort Shareholders (other than HKSCC Nominees) who intend to apply for less than their Assured Entitlement using the **BLUE** Application Forms for Assured Entitlement or who intend to apply for excess Reserved Shares using the **BLUE** Application Forms for excess Reserved Shares, should apply for a number which is one of the numbers set out in the table of numbers and payments in the **BLUE** Application Form and make a payment of the corresponding amount. If you are a Qualifying MicroPort Shareholder and wish to apply for excess Reserved Shares in addition to your Assured Entitlement, you should complete and sign the **BLUE** Application Form for excess Reserved Shares and lodge it, together with a separate remittance for the full amount payable on application in respect of the excess Reserved Shares applied for.

To the extent that the excess applications for the Reserved Shares are:

(a) less than the Reserved Shares not taken up by the Qualifying MicroPort Shareholders' Assured Entitlement (the "**Available Reserved Shares**"), the Available Reserved Shares will first be allocated to satisfy such excess applications for the Reserved Shares in full and thereafter will be allocated, at the discretion of the Joint Global Coordinators, to the International Offering;

(b) equal to the Available Reserved Shares, the Available Reserved Shares will be allocated to satisfy such excess applications for the Reserved Shares in full; or

(c) more than the Available Reserved Shares, the Available Reserved Shares will be allocated on a fair and reasonable basis, which is consistent with the allocation basis commonly used in the case of over-subscriptions in public offerings in Hong Kong, where a higher allocation percentage will be applied in respect of smaller applications of excess Reserved Shares. If there are any Shares remaining after satisfying the excess applications, such Shares will be reallocated, at the discretion of the Joint Global Coordinators, to the International Offering. No preference will be given to any excess application made to top up odd lot holdings to whole lot holdings of Shares.

Save for the above, the Preferential Offering will not be subject to the clawback arrangement between the International Offering and the Hong Kong Public Offering. Beneficial MicroPort Shareholders (not being Non-Qualifying MicroPort Shareholders) whose MicroPort Shares are held by a nominee company should note that the Company will regard the nominee company as a single MicroPort Shareholder according to the register of members of MicroPort. Accordingly, such Beneficial MicroPort Shareholders whose MicroPort Shares are held by a nominee company should note that the arrangement under paragraph (c) above will not apply to them individually. Any Beneficial MicroPort Shareholders (not being Non-Qualifying MicroPort Shareholders) whose MicroPort Shares are registered in the name of a nominee, trustee or registered holder in any other

capacity should make arrangements with such nominee, trustee or registered holder in relation to applications for Reserved Shares under the Preferential Offering. Any such person is advised to consider whether it wishes to arrange for the registration of the relevant MicroPort Shares in the name of the beneficial owner prior to the Record Date.

Applications by Qualifying MicroPort Shareholders for the Hong Kong Offer Shares

In addition to any application for Reserved Shares made on the **BLUE** Application Form, Qualifying MicroPort Shareholders will be entitled to make one application for Hong Kong Offer Shares on **WHITE** or **YELLOW** Application Forms or by giving **electronic application instructions** to HKSCC via CCASS or by applying through the **White Form eIPO** service. Qualifying MicroPort Shareholders will receive no preference as to entitlement or allocation in respect of applications for Hong Kong Offer Shares made on **WHITE** or **YELLOW** Application Forms or by giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service under the Hong Kong Public Offering.

Qualifying MicroPort Shareholders and Non-Qualifying MicroPort Shareholders

Only MicroPort Shareholders whose names appeared on the register of members of MicroPort at 4:30 p.m. on the Record Date and who are not Non-Qualifying MicroPort Shareholders, are entitled to subscribe for the Reserved Shares under the Preferential Offering.

Non-Qualifying MicroPort Shareholders are those MicroPort Shareholders with registered addresses in, or who are otherwise known by MicroPort to be residents of, jurisdictions outside Hong Kong on the Record Date, in respect of whom the directors of MicroPort and the Company, based on the enquiries made by them, consider it necessary or expedient to exclude from the Preferential Offering on account either of the legal restrictions under the laws of the relevant jurisdiction in which the relevant MicroPort Shareholder is resident or the requirements of the relevant regulatory body or stock exchange in that jurisdiction.

The directors of MicroPort and the Company have made enquiries regarding the legal restrictions under the applicable securities legislation of the Specified Territory and the requirements of the relevant regulatory bodies or stock exchanges with respect to the offer of the Reserved Shares to the MicroPort Shareholders in the Specified Territory. Having considered the circumstances, the directors of MicroPort and the Company have formed the view that it is necessary or expedient to restrict the ability of MicroPort Shareholders in the Specified Territory to take up their Assured Entitlement to the Reserved Shares under the Preferential Offering due to the time and costs involved in the registration or filing of this prospectus and/or approval required by the relevant authorities in such territory and/or additional steps which the Company and the MicroPort Shareholders would need to take to comply with the local legal and/or other requirements which would need to be satisfied in order to comply with the relevant local or regulatory requirements in such territory.

Accordingly, for the purposes of the Preferential Offering, the Non-Qualifying MicroPort Shareholders are:

(a) MicroPort Shareholders whose names appeared in the register of members of MicroPort on the Record Date and whose addresses as shown in such register are in the Specified Territory; and

(b) MicroPort Shareholders on the Record Date who are otherwise known by MicroPort to be resident in the Specified Territory.

Notwithstanding any other provision in this prospectus or the **BLUE** Application Forms, the Company reserves the right to permit any MicroPort Shareholder to take up his/her/its Assured Entitlement to the Reserved Shares if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions described above.

Beneficial MicroPort Shareholders who hold MicroPort Shares through Shenzhen-Hong Kong Stock Connect

Pursuant to Article 23 of the Implementation Rules for Registration, Depository and Clearing Services under the Mainland-Hong Kong Stock Markets Connect Program, the China Securities Depository and Clearing Corporation (CSDC) does not provide services relating to the subscription of newly issued shares. Accordingly, Beneficial MicroPort Shareholders who hold MicroPort Shares through Shenzhen-Hong Kong Stock Connect cannot participate in the Preferential Offering and will not be able to take up their respective Assured Entitlement to the Reserved Shares under the Preferential Offering through the trading mechanism of Shenzhen-Hong Kong Stock Connect.

Distribution of this Prospectus and the BLUE Application Forms

A **BLUE** Application Form has been despatched to each Qualifying MicroPort Shareholder. In addition, Qualifying MicroPort Shareholders will receive a copy of this prospectus in the manner in which they have elected, or are deemed to have elected, to receive corporate communications under MicroPort's corporate communications policy. For further details, see "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this prospectus.

Application Procedures

The procedures for application under and the terms and conditions of the Preferential Offering are set out in "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this prospectus and on the **BLUE** Application Forms.

THE INTERNATIONAL OFFERING

Number of Offer Shares Offered

Subject to the reallocation as described above, the number of Offer Shares to be initially offered under the International Offering will be 185,058,000, representing 90% of the total number of Offer Shares initially available under the Global Offering. Subject to the reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering, the number of Offer Shares initially offered under the International Offering will represent approximately 7.82% of our Company's enlarged issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Allocation

The International Offering will include selective marketing of Offer Shares to QIBs in the United States as well as institutional and professional investors and other investors anticipated to have

a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance in Regulation S. The International Offering is subject to the Hong Kong Public Offering being unconditional.

Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the section headed "— Pricing and Allocation" below and based on a number of factors, including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely hold or sell, Shares, after the listing of our Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and our shareholders as a whole.

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued pursuant to the International Offering may change as a result of the clawback arrangement described in the section headed "— The Hong Kong Public Offering — Reallocation" above, the exercise of the Over-allotment Option in whole or in part described in the section headed "— Over-allotment Option" and any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering and/or any Offer Shares from the International Offering to the Hong Kong Public Offering at the discretion of the Joint Global Coordinators.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, it is expected that we will grant the Over-allotment Option to the International Underwriters, which will be exercisable by the Joint Global Coordinators (for themselves and on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the International Underwriters have the right, exercisable by the Joint Global Coordinators (for themselves and on behalf of the International Underwriters) at any time from the Listing Date to the 30th day after the last day for lodging applications under the Hong Kong Public Offering, to require us to allot and issue up to 30,843,000 additional Shares, representing 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering, to cover over-allocation in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional International Offer Shares to be issued pursuant thereto will represent approximately 1.29% of our Company's enlarged issued share

capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, a public announcement will be made.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to curb and, if possible, prevent any decline in the market price of the securities below the offer price. It may be effected in jurisdictions where it is permissible to do so and subject to all applicable laws and regulatory requirements. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the Offer Price.

J.P. Morgan Securities (Asia Pacific) Limited has been appointed by us as the Stabilization Manager for the purposes of the Global Offering in accordance with the Securities and Futures (Price Stabilizing) Rules made under the SFO. In connection with the Global Offering, the Stabilization Manager or any person acting for it, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the Offer Shares at a level higher than that which might otherwise prevail in the open market. Short sales involve the sale by the Stabilization Manager of a greater number of Shares than the Underwriters are required to purchase in the Global Offering. "Covered" short sales are sales made in an amount not greater than the Over-allotment Option. The Stabilization Manager may close out the covered short position by either exercising the Over-allotment Option to purchase additional Offer Shares or purchasing Shares in the open market. In determining the source of the Offer Shares to close out the covered short position, the Stabilization Manager will consider, among other things, the price of Offer Shares in the open market as compared to the price at which they may purchase additional Offer Shares pursuant to the Over-allotment Option. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or curbing a decline in the market price of the Offer Shares while the Global Offering is in progress. Any market purchases of our Offer Shares may be effected on any stock exchange, including the Stock Exchange, any over-the-counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilization Manager or any person acting for it to conduct any such stabilizing action. Such stabilizing activity, if commenced, will be done at the absolute discretion of the Stabilization Manager and may be discontinued at any time.

Any such stabilizing activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering. The number of the Offer Shares that may be over-allocated will not exceed the number of the Shares that may be sold under the Over-allotment Option, namely, 30,843,000 Offer Shares, which is 15% of the total number of Offer Shares initially available under the Global Offering, and cover such over-allocation by exercising the Over-allotment Option or by making purchases in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangements or a combination of these means.

In Hong Kong, stabilizing activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules. Stabilizing actions permitted pursuant to the Securities and Futures (Price Stabilizing) Rules include:

(a) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the Shares;

(b) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Shares;

(c) purchasing or subscribing for, or agreeing to purchase or subscribe for, our Shares pursuant to the Over-allotment Option in order to close out any position established under (a) or (b) above;

(d) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimizing any reduction in the market price;

(e) selling or agreeing to sell any of our Shares in order to liquidate any position established as a result of those purchases; and

(f) offering or attempting to do anything as described in (b), (c), (d) or (e) above.

Stabilizing actions by the Stabilization Manager, or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization.

As a result of effecting transactions to stabilize or maintain the market price of the Shares, the Stabilization Manager or any person acting for it, may maintain a long position in the Shares. The size of the long position and the period for which the Stabilization Manager, or any person acting for it, will maintain the long position is at the discretion of the Stabilization Manager and is uncertain. In the event that the Stabilization Manager liquidates this long position by making sales in the open market, this may lead to a decline in the market price of the Shares.

Stabilizing action by the Stabilization Manager, or any person acting for it, is not permitted to support the price of the Shares for longer than the stabilizing period, which begins on the day on which trading of the Shares commences on the Stock Exchange and ends on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. The stabilizing period is expected to end on Sunday, February 28, 2021. As a result, demand for the Shares and their market price, may fall after the end of the stabilizing period. These activities by the Stabilization Manager may stabilize, maintain or otherwise affect the market price of the Shares. As a result, the price of the Shares may be higher than the price that otherwise may exist in the open market. Any stabilizing action taken by the Stabilization Manager, or any person acting for it, may not necessarily result in the market share of the Shares staying at or above the Offer Price either during or after the stabilizing period. Bids for or market purchases of the Shares by the Stabilization Manager, or any person acting for it, may be made at a price at or below the Offer Price and therefore at or below the price paid for the Shares by purchasers. A public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocation in connection with the Global Offering, J.P. Morgan Securities plc may choose to borrow up to 30,843,000 Shares (being the maximum number of Shares which may be issued upon exercise of the Over-allotment Option) from Shanghai MicroPort pursuant to the Stock Borrowing Agreement, which is expected to be entered into between J.P. Morgan Securities plc and Shanghai MicroPort on or around the Price Determination Date. The stock borrowing arrangements under the Stock Borrowing Agreement will comply with the requirements set out in Rule 10.07(3) of the Listing Rules.

PRICING AND ALLOCATION

Determining the Offer Price

The International Underwriters will be soliciting from prospective investors' indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or about Friday, January 29, 2021 and in any event on or before Monday, February 1, 2021, by agreement between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

Offer Price Range

The Offer Price per Offer Share under the Hong Kong Public Offering will be identical to the offer price per Offer Share under the International Offering based on the Hong Kong dollar price per Offer Share under the International Offering, as determined by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company.

The Offer Price will not be more than HK$12.20 per Offer Share and is expected to be not less than HK$11.10 per Offer Share, unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering.

Price Payable on Application

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK$12.20 per Hong Kong Offer Share (plus 1.0% brokerage, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee). If the Offer Price is less than HK$12.20, appropriate refund payments (including the brokerage, SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies, without any interest) will be made to successful applications.

If, for any reason, our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) are unable to reach agreement on the Offer Price on or before Monday, February 1, 2021, the Global Offering will not proceed and will lapse.

Reduction in Number of Offer Shares

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus. However, if the number of Offer Shares and/or the Offer Price range is reduced, applicants under the Hong Kong Public Offering will be entitled to withdraw their applications unless positive confirmations from the applicants to proceed are received, and all unconfirmed applications will not be valid.

In the event of a reduction in the number of Offer Shares, the Joint Global Coordinators (for themselves and on behalf of the Underwriters) may, at their discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering. The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Joint Global Coordinators (for themselves and on behalf of the Underwriters).

Announcement of Offer Price and Basis of Allocations

The final Offer Price, the level of indications of interest in the Global Offering, the results of allocations and the basis of allotment of the Hong Kong Offer Shares are expected to be announced on Wednesday, February 3, 2021, on the website of the Stock Exchange at **www.hkexnews.hk** and on the website of our Company at **www.cardioflowmedtech.com**.

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to, among other things, our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

These underwriting arrangements, and the Hong Kong Underwriting Agreement and the International Underwriting Agreement, are summarized in the section headed "Underwriting."

CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

(a) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including any Shares that may be issued under the Over-allotment Option), and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(b) the Offer Price having been duly agreed between us and the Joint Global Coordinators (for themselves and on behalf of the Underwriters);

(c) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and

(d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times).

If, for any reason, the Offer Price is not agreed between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on or before Monday, February 1, 2021, the Global Offering will not proceed and will lapse immediately.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.cardioflowmedtech.com** on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares." In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving banker(s) or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on the Listing Date provided that (i) the Global Offering has become unconditional in all respects, and (ii) the right of termination as described in the section headed "Underwriting — Underwriting Arrangements and Expenses — The Hong Kong Public Offering — Grounds for Termination" has not been exercised.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued by us pursuant to the Global Offering.

No part of the Company's share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought in the near future.

SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made enabling the Shares to be admitted into CCASS. If the Stock Exchange grants the listing of, and permission to deal in, our Shares and our Company complies with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, February 4, 2021, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, February 4, 2021. Our Shares will be traded in board lots of 1,000 Shares. The stock code of our Shares will be 2160.

A. APPLICATIONS FOR HONG KONG OFFER SHARES

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest in International Offer Shares (except in respect of Reserved Shares applied for pursuant to the Preferential Offering).

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **White Form eIPO** service at **www.eipo.com.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Joint Global Coordinators, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States and are not a U.S. person (as defined in Regulation S); and
- are not a legal or natural person of the PRC (except qualified domestic institutional investors).

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the Application Form must be signed by a duly authorized officer, who must state his or her representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Company and the Joint Global Coordinators may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you:

- are an existing beneficial owner of Shares in the Company and/or any its subsidiaries;
- are a Director or chief executive officer of the Company and/or any of its subsidiaries;
- are a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Global Offering;
- are a close associate (as defined in the Listing Rules) of any of the above; and
- have been allocated or have applied for or indicated an interest in any International Offer Shares or otherwise participate in the International Offering (except in respect of Reserved Shares applied for pursuant to the Preferential Offering).

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.eipo.com.hk**.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, January 26, 2021 until 12:00 noon on Friday, January 29, 2021 from:

(i) any of the following offices of certain Hong Kong Underwriters:

J.P. Morgan Securities (Asia Pacific) Limited
28/F, Chater House
8 Connaught Road Central
Hong Kong

China International Capital Corporation Hong Kong Securities Limited
29/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

(ii) any of the following branches of the receiving bank:

Bank of China (Hong Kong) Limited

	Branch Name	Address
Hong Kong Island	Des Voeux Road West Branch	111-119 Des Voeux Road West, Hong Kong
	Gilman Street Branch	136 Des Voeux Road Central, Hong Kong
Kowloon	Telford Plaza Branch	Shop Unit P2-P7, Telford Plaza, No. 33 Wai Yip Street, Kowloon Bay, Kowloon
	Mei Foo Mount Sterling Mall Branch	Shop N47-49, G/F, Mount Sterling Mall, Mei Foo Sun Chuen, Kowloon
New Territories	Tseung Kwan O Plaza Branch	Shop 112-125, Level 1, Tseung Kwan O Plaza, Tseung Kwan O, New Territories
	Kwai Chung Plaza Branch	A18-20, G/F Kwai Chung Plaza, 7-11 Kwai Foo Road, Kwai Chung, New Territories

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, January 26, 2021 until 12:00 noon on Friday, January 29, 2021 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a check or a banker's cashier order attached and marked payable to "**BANK OF CHINA (HONG KONG) NOMINEES LIMITED — MICROPORT CARDIOFLOW PUBLIC OFFER**" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Tuesday, January 26, 2021 — 9:00 a.m. to 4:00 p.m.

Wednesday, January 27, 2021 — 9:00 a.m. to 4:00 p.m.

Thursday, January 28, 2021 — 9:00 a.m. to 4:00 p.m.

Friday, January 29, 2021 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, January 29, 2021, the last day for applications or such later time as described in "— D. Effect of Bad Weather on the Opening and Closing of the Applications Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **White Form eIPO** service, among other things, you:

(i) **undertake** to execute all relevant documents and instruct and authorize the Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) **agree** to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Memorandum of Association and the Articles of Association and the Cayman Companies Act;

(iii) **confirm** that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) **confirm** that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) **confirm** that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) **agree** that none of the Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) **undertake** and **confirm** that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering (except in respect of Reserved Shares pursuant to the Preferential Offering);

(viii) **agree** to disclose to the Company, our Hong Kong Share Registrar, receiving bank, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) (if the laws of any place outside Hong Kong apply to your application) **agree** and **warrant** that you have complied with all such laws and none of the Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) **agree** that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) **agree** that your application will be governed by the laws of Hong Kong;

(xii) **represent**, **warrant** and **undertake** that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) **warrant** that the information you have provided is true and accurate;

(xiv) **agree** to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) **authorize** the Company to place your name(s) or the name of the HKSCC Nominees on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any Share certificate(s) and/or any e-Refund payment instructions and/or any refund check(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the Share certificate(s) and/or refund check(s) in person;

(xvi) **declare** and **represent** that except for an application made by a Qualifying MicroPort Shareholder under the Preferential Offering, this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) **understand** that the Company and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allocation of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) **warrant** that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service by you or by any one as your agent or by any other person (except in respect of application for Reserved Shares pursuant to the Preferential Offering); and

(xix) (if you are making the application as an agent for the benefit of another person) **warrant** that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC (except in respect of application for Reserved Shares pursuant to the Preferential Offering); and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Terms and Conditions for Yellow Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH THE WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in "— Who can apply" may apply through the **White Form eIPO** service for the Offer Shares to be allocated and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorize the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

Time for Submitting Applications under the White Form eIPO Service

You may submit your application through the **White Form eIPO** service at **www.eipo.com.hk** (24 hours daily, except on the last day for applications) from 9:00 a.m. on Tuesday, January 26, 2021 until 11:30 a.m. on Friday, January 29, 2021 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, January 29, 2021 or such later time as described in "— D. Effect of Bad Weather on the Opening and Closing of the Applications Lists" in this section.

No Multiple Applications

If you apply by means of **White Form eIPO** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Commitment to sustainability

The obvious advantage of **White Form eIPO** is to save the use of papers via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK$2 per each "MICROPORT CARDIOFLOW MEDTECH CORPORATION" **White Form eIPO** application submitted via **www.eipo.com.hk** to support sustainability.

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a **CCASS Investor Participant**, you may give these **electronic application instructions** through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square
8 Connaught Place, Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a **CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Global Coordinators and our Hong Kong Share Registrar.

GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

Where you have given electronic application instructions to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- **agree** that the Hong Kong Offer Shares to be allocated shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
- **agree** to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
- **undertake** and **confirm** that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;
- (if the **electronic application instructions** are given for your benefit) **declare** that only one set of **electronic application instructions** has been given for your benefit;
- (if you are an agent for another person) **declare** that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;
- **confirm** that you understand that the Company, the Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
- **authorize** the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- **confirm** that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- **confirm** that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- **agree** that none of the Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- **agree** to disclose your personal data to the Company, our Hong Kong Share Registrar, receiving bank, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or its respective advisers and agents;

- **agree** (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- **agree** that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- **agree** that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;

- **agree** to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;

- **agree** with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and

- **agree** that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are

deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- **instructed** and **authorized** HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- **instructed** and **authorized** HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- **instructed** and **authorized** HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 1,000 Hong Kong Offer Shares. Instructions for more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Tuesday, January 26, 2021 — 9:00 a.m. to 8:30 p.m.

Wednesday, January 27, 2021 — 8:00 a.m. to 8:30 p.m.

Thursday, January 28, 2021 — 8:00 a.m. to 8:30 p.m.

Friday, January 29, 2021 — 8:00 a.m. to 12:00 noon

Note:
The times in this sub-section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Tuesday, January 26, 2021 until 12:00 noon on Friday, January 29, 2021 (24 hours daily, except on Friday, January 29, 2021, the last day for applications).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Friday, January 29, 2021, the last day for applications or such later time as described in "— D. Effect of Bad Weather on the Opening and Closing of the Application Lists" in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving bank, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day for applications in making your electronic applications. The Company, the Directors, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allocated any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Center to complete an input request form for **electronic application instructions** before 12:00 noon on Friday, January 29, 2021.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

If you are a Qualifying MicroPort Shareholder applying for Reserved Shares under the Preferential Offering on the **BLUE** Application Form, you may also make one application for Hong Kong Offer Shares either on a **WHITE** or **YELLOW** Application Form or electronically through CCASS (if you are a CCASS Investor Participant or act through a CCASS Clearing or Custodian Participant) or submit an application through the **White Form eIPO** service through the designated website at **www.eipo.com.hk**. However, in respect of any application for Hong Kong Offer Shares using the above methods, you will not enjoy the preferential treatment accorded to you under the Preferential Offering as described in "Structure of the Global Offering — The Preferential Offering."

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange. "Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

B. APPLICATIONS FOR RESERVED SHARES

1. WHO CAN APPLY

Only MicroPort Shareholders whose names appeared on the register of members of MicroPort on the Record Date and who are not Non-Qualifying MicroPort Shareholders are entitled to subscribe for the Reserved Shares under the Preferential Offering.

Non-Qualifying MicroPort Shareholders are those MicroPort Shareholders with registered addresses in, or who are otherwise known by MicroPort to be residents of, jurisdictions outside Hong Kong on the Record Date, in respect of whom the directors of MicroPort and the Company, based on the enquiries made by them, consider it necessary or expedient to exclude them from the Preferential Offering on account either of the legal restrictions under the laws of the relevant jurisdiction in which the relevant MicroPort Shareholder is resident or the requirements of the relevant regulatory body or stock exchange in that jurisdiction.

The directors of MicroPort and the Company have made enquiries regarding the legal restrictions under the applicable securities legislation of the Specified Territory and the requirements of the relevant regulatory bodies or stock exchanges with respect to the offer of the Reserved Shares to the MicroPort Shareholders in the Specified Territory. Having considered the circumstances, the directors of MicroPort and the Company have formed the view that it is necessary or expedient to restrict the ability of MicroPort Shareholders in the Specified Territory to take up their Assured Entitlement to the Reserved Shares under the Preferential Offering due to the time and costs involved in the registration or filing of this prospectus and/or approval required by the relevant authorities in such territory and/or additional steps which the Company and the MicroPort Shareholders would need to take to comply with the local legal and/or other requirements which would need to be satisfied in order to comply with the relevant local or regulatory requirements in such territory.

Accordingly, for the purposes of the Preferential Offering, the Non-Qualifying MicroPort Shareholders are:

(a) MicroPort Shareholders whose names appeared in the register of members of MicroPort on the Record Date and whose addresses as shown in such register are in the Specified Territory; and

(b) MicroPort Shareholders on the Record Date who are otherwise known by MicroPort to be resident in the Specified Territory.

Notwithstanding any other provision in this prospectus or the **BLUE** Application Forms, the Company reserves the right to permit any MicroPort Shareholder to take up his/her/its Assured Entitlement to the Reserved Shares if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions described above.

With respect to the Specified Territory, MicroPort has sent a letter to CCASS Participants (other than CCASS Investor Participants) notifying them that in light of applicable laws and regulations of the Specified Territory, to the extent they hold any MicroPort Shares on behalf of the Non-Qualifying MicroPort Shareholders, they are excluded from participating in the Preferential Offering.

Qualifying MicroPort Shareholders are entitled to apply on the basis of an Assured Entitlement of one Reserved Share for every integral multiple of 200 MicroPort Shares held by them on the Record Date.

Qualifying MicroPort Shareholders who hold less than 200 MicroPort Shares on the Record Date will not have an Assured Entitlement to the Reserved Shares, but they will still be entitled to participate in the Preferential Offering by applying for excess Reserved Shares.

If the applicant is a firm, the application must be in the individual members' names, but not in the name of the firm. If the applicant is a body corporate, the **BLUE** Application Form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with the corporation's chop.

If an application is made by a duly authorized person under a valid power of attorney, the Company and the Joint Global Coordinators, as the Company's agents, may accept it at their discretion, and on any conditions they think fit, including requiring evidence of the attorney's authority. The Company and the Joint Global Coordinators, as the Company's agents, will have full discretion to reject or accept any application, in full or in part, without giving any reason.

You cannot apply for any Reserved Shares if you are:

- an existing beneficial owner of Shares in the Company and/or any of its subsidiaries;
- a Director or chief executive of the Company and/or any of the Company's subsidiaries (other than a Director and/or his associates who are Qualifying MicroPort Shareholders who may apply for Reserved Shares pursuant to the Preferential Offering);
- a connected person of the Company or will become a connected person of the Company immediately upon completion of the Global Offering;
- a close associate of any of the above persons; or
- a Non-Qualifying MicroPort Shareholder.

2. HOW TO APPLY

An application for Reserved Shares under the Preferential Offering may only be made by Qualifying MicroPort Shareholders using **BLUE** Application Forms which have been despatched to Qualifying MicroPort Shareholders by the Company.

Qualifying MicroPort Shareholders may apply for a number of Reserved Shares which is greater than, less than or equal to their Assured Entitlement or may apply only for excess Reserved Shares under the Preferential Offering.

A valid application for a number of Reserved Shares which is less than or equal to a Qualifying MicroPort Shareholder's Assured Entitlement under the Preferential Offering will be accepted in full, subject to the terms and conditions set out in the **BLUE** Application Forms and assuming the conditions of the Preferential Offering are satisfied.

Where a Qualifying MicroPort Shareholder applies for a number of Reserved Shares which is greater than the Qualifying MicroPort Shareholder's Assured Entitlement under the Preferential Offering, the relevant Assured Entitlement will be satisfied full, subject as mentioned above, but the excess portion of such application will only be satisfied to the extent that there are sufficient Available Reserved Shares as described below.

Where a Qualifying MicroPort Shareholder applies for excess Reserved Shares only under the Preferential Offering, such application will only be satisfied to the extent that there are sufficient Available Reserved Shares as described below.

Qualifying MicroPort Shareholders (other than HKSCC Nominees) who intend to apply for less than their Assured Entitlement using the **BLUE** Application Forms for Assured Entitlement or who intend to apply for excess Reserved Shares using the **BLUE** Application Forms for excess Reserved Shares, should apply for a number which is one of the numbers set out in the table of numbers and payments in the **BLUE** Application Form and make a payment of the corresponding amount. If you are a Qualifying MicroPort Shareholder and wish to apply for excess Reserved Shares in addition to your Assured Entitlement, you should complete and sign the **BLUE** Application Form for excess Reserved Shares and lodge it, together with a separate remittance for the full amount payable on application in respect of the excess Reserved Shares applied for.

To the extent that excess applications for the Reserved Shares are:

(a) less than the Available Reserved Shares, the Available Reserved Shares will first be allocated to satisfy such excess applications for the Reserved Shares in full and thereafter will be allocated, at the discretion of the Joint Global Coordinators, to the International Offering;

(b) equal to the Available Reserved Shares, the Available Reserved Shares will be allocated to satisfy such excess applications for the Reserved Shares in full; or

(c) more than the Available Reserved Shares, the Available Reserved Shares will be allocated on an allocation basis which will be consistent with the allocation basis commonly used in the case of over-subscription in public offerings in Hong Kong, where a higher allocation percentage will be applied in respect of smaller applications. If there are any Shares remaining after satisfying the excess applications, such Shares will be reallocated, at the discretion of the Joint Global Coordinators, to the International Offering. No preference will be given to any excess applications made to top up odd lot holdings to whole lot holdings of Shares.

Save for the above, the Preferential Offering will not be subject to the clawback arrangement between the International Offering and the Hong Kong Public Offering.

Qualifying MicroPort Shareholders who have applied for Reserved Shares under the Preferential Offering, on the **BLUE** Application Form, may also make one application either on a **WHITE** or **YELLOW** Application Form, or by giving **electronic application instructions** to HKSCC via CCASS (if you are a CCASS Investor Participant or act through a CCASS Clearing or Custodian Participant) or through the **White Form eIPO** service for the Hong Kong Offer Shares in the Hong Kong Public Offering. However, Qualifying MicroPort Shareholders will receive no preference as to entitlement or allocation in respect of applications for Hong Kong Offer Shares made on **WHITE** or **YELLOW** Application Forms or by giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service under the Hong Kong Public Offering.

Persons who held their MicroPort Shares on the Record Date in CCASS indirectly through a broker/ custodian, and wish to participate in the Preferential Offering, should instruct their broker or

custodian to apply for the Reserved Shares on their behalf by no later than the deadline set by HKSCC or HKSCC Nominees. In order to meet the deadline set by HKSCC, such persons should check with their broker/custodian for the timing on the processing of their instructions, and submit their instructions to their broker/custodian as required by them. Persons who held their MicroPort Shares on the Record Date in CCASS directly as a CCASS Investor Participant, and wish to participate in the Preferential Offering, should give their instruction to HKSCC via the CCASS Phone System or CCASS Internet System by no later than the deadline set by HKSCC or HKSCC Nominees.

3. DISTRIBUTION OF THIS PROSPECTUS AND THE BLUE APPLICATION FORMS

The **BLUE** Application Forms have been despatched to all Qualifying MicroPort Shareholders to their address recorded on the register of members of MicroPort on the Record Date.

In addition, Qualifying MicroPort Shareholders will receive a copy of this prospectus in the manner in which they have elected, or are deemed to have elected, to receive corporate communications under MicroPort's corporate communications policy.

If a Qualifying MicroPort Shareholder has elected to receive corporate communications from MicroPort in printed form under MicroPort's corporate communications policy or has not been asked to elect the means of receiving MicroPort's corporate communications, a printed copy of this prospectus in the elected language version(s) (if applicable) will be despatched to such Qualifying MicroPort Shareholder. If a Qualifying MicroPort Shareholder (a) has elected to receive an electronic version of corporate communications or (b) is deemed to have consented to receiving the electronic version of corporate communications from MicroPort, an electronic version of this prospectus (which is identical to the printed prospectus) can be accessed and downloaded from the websites of the Company at **www.cardioflowmedtech.com** and the Stock Exchange at **www.hkexnews.hk** under the section headed "*HKEXnews* > *Listed Company Information* > *Latest Listed Company Information*."

A Qualifying MicroPort Shareholder who has elected to receive or is deemed to have consented to receiving the electronic version of this prospectus may at any time request for a printed copy of this prospectus, free of charge, by sending a request in writing to MicroPort c/o Computershare Hong Kong Investor Services Limited or by email to MicroPort at microport.ecom@computershare.com.hk. MicroPort will promptly, upon request, send by ordinary post a printed copy of this prospectus to such Qualifying MicroPort Shareholder, free of charge, although such Qualifying MicroPort Shareholder may not receive that printed copy of this prospectus before the close of the Hong Kong Public Offering and the Preferential Offering.

Qualifying MicroPort Shareholders who require a replacement **BLUE** Application Form should contact Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or on its hotline +852 2862 8555.

Distribution of this prospectus and/or the **BLUE** Application Forms into any jurisdiction other than Hong Kong may be restricted by law. Persons who come into possession of this prospectus and/or the **BLUE** Application Forms come (including, without limitation, agents, custodians, nominees and trustees) should inform themselves of, and observe, any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. In

particular, this prospectus should not be distributed, forwarded or transmitted in, into or from the Specified Territory with or without the **BLUE** Application Forms, except to Qualifying MicroPort Shareholders as specified in this prospectus.

Receipt of this prospectus and/or the **BLUE** Application Forms does not and will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this prospectus and/ or the **BLUE** Application Forms must be treated as sent for information only and should not be copied or redistributed. Persons (including, without limitation, agents, custodians, nominees and trustees) who receive a copy of this prospectus and/or the **BLUE** Application Forms should not, in connection with the Preferential Offering, distribute or send the same in, into or from, the Specified Territory. If the **BLUE** Application Form is received by any person in any such territory, or by his/her/its agent or nominee, he/she/it should not apply for any Reserved Shares unless the directors of MicroPort and the Company determine that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, agents, custodians, nominees and trustees) who forwards this prospectus and/or the **BLUE** Application Form(s) in, into or from the Specified Territory (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

4. APPLYING BY USING BLUE APPLICATION FORMS

(a) The **BLUE** Application Form will be rejected by the Company if:

- the **BLUE** Application Form is not completed in accordance with the instructions as stated in the **BLUE** Application Form;
- the **BLUE** Application Form has not been duly signed (only written signatures are acceptable) (or in the case of a joint application, not all applicants have signed);
- in respect of applicants who are corporate entities, the **BLUE** Application Form has not been duly signed (only written signature is acceptable) by an authorized officer or affixed with a company chop;
- the check/banker's cashier order/**BLUE** Application Form is defective;
- the **BLUE** Application Form for either Reserved Shares pursuant to the Assured Entitlement or excess Reserved Shares is not accompanied with a check/banker's cashier order or is accompanied by more than one check/banker's cashier order for each of the application for Assured Entitlement and excess application for Reserved Shares;
- the account name on the check/banker's cashier order is not pre-printed or certified by the issuing bank;
- the check/banker's cashier order is not drawn on a Hong Kong dollar bank account in Hong Kong;
- the name of the payee indicated on the check/banker's cashier order is not "**BANK OF CHINA (HONG KONG) NOMINEES LIMITED — MICROPORT CARDIOFLOW PREFERENTIAL OFFER**";

- the check has not been crossed "Account Payee Only";
- the check was post-dated;
- the applicant's payment is not made correctly or if the applicant pays by check or banker's cashier order the check or banker's cashier order is dishonored on its first presentation;
- the applicant's name/the first applicant's name on the joint application is not the same as the name pre-printed or certified/endorsed by the drawee bank on the check/ banker's cashier order;
- any alteration(s) to the application details on the **BLUE** Application Form has or have not been authorized by the signature(s) of the applicant(s);
- the Company believes that by accepting the application, the Company would violate the applicable securities or other laws, rules or regulations of the jurisdiction where the **BLUE** Application Form is received or where the applicant's address is located; or
- the Company and the Joint Global Coordinators, and their respective agents or nominees, exercise their discretion to reject or accept any application, or to accept only part of any application. No reasons have to be given for any rejection or acceptance.

(b) If you are applying by using the **BLUE** Application Form for Assured Entitlement, you may apply for a number of Reserved Shares pursuant to your Assured Entitlement that is equal to or less than the number stated in Box B in the **BLUE** Application Form. If you intend to apply for a number of Reserved Shares that is less than your Assured Entitlement, you MUST apply for a number which is one of the numbers set out in the table in the **BLUE** Application Form and make a payment of the corresponding amount (other than HKSCC Nominees). You need to complete and sign the **BLUE** Application Form for Assured Entitlement and submit one check (or banker's cashier order) for the exact amount of remittance printed in Box B in the **BLUE** Application Form or the corresponding amount payable as set out in the table in the **BLUE** Application Form.

(c) If you are applying by using the **BLUE** Application Form for excess Reserved Shares, you MUST apply for a number which is one of the numbers set out in the table in the **BLUE** Application Form and make a payment of the corresponding amount (other than HKSCC Nominees). You need to complete and sign the **BLUE** Application Form for excess Reserved Shares and submit one separate check (or banker's cashier order) for the exact amount of remittance.

(d) If you intend to apply for both Reserved Shares pursuant to your Assured Entitlement and excess Reserved Shares, you must submit both the **BLUE** Application Form for Assured Entitlement and the **BLUE** Application Form for excess Reserved Shares. Each **BLUE** Application Form must be accompanied by a separate check (or banker's cashier order) for the exact amount of remittance.

5. WHEN MAY APPLICATIONS BE MADE

(a) Applications on BLUE Application Form(s)

Your completed **BLUE** Application Form, together with a check or a banker's cashier order attached and marked payable to "**BANK OF CHINA (HONG KONG) NOMINEES LIMITED — MICROPORT CARDIOFLOW PREFERENTIAL OFFER**" for the payment, should be deposited in the special collection boxes provided at any of the designated branches of the receiving bank listed above at the following times:

Tuesday, January 26, 2021 — 9:00 a.m. to 4:00 p.m.

Wednesday, January 27, 2021 — 9:00 a.m. to 4:00 p.m.

Thursday, January 28, 2021 — 9:00 a.m. to 4:00 p.m.

Friday, January 29, 2021 — 9:00 a.m. to 12:00 noon

Completed **BLUE** Application Forms, together with payment attached, must be lodged by 12:00 noon on Friday, January 29, 2021, the last day for applications, or such later time as described in "— D. Effect of Bad Weather on the Opening and Closing of the Application Lists" below.

(b) Application Lists

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, January 29, 2021, the last day for applications, or such later time as described in "—D. Effect of Bad Weather on the Opening and Closing of the Application Lists" below.

6. HOW MANY APPLICATIONS MAY BE MADE

You should refer to "— A. Applications for Hong Kong Offer Shares — 8. How Many Applications Can You Make" above for the situations where you may make an application for Hong Kong Offer Shares under the Hong Kong Public Offering in addition to application(s) for Reserved Shares under the Preferential Offering.

7. ADDITIONAL TERMS AND CONDITIONS AND INSTRUCTIONS

You should refer to the **BLUE** Application Form for details of the additional terms and conditions and instructions which apply to applications for Reserved Shares.

C. HOW MUCH ARE THE HONG KONG OFFER SHARES AND THE RESERVED SHARES

The maximum Offer Price is HK$12.20 per Offer Share. You must pay the maximum Offer Price, brokerage of 1.0%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005% in full upon application for the Hong Kong Offer Shares or Reserved Shares under the terms set out in the Application Forms. This means that for one board lot of 1,000 Hong Kong Offer Shares or one board lot of 1,000 Reserved Shares, you will pay HK$12,322.94.

The Application Forms have tables showing the exact amount payable for the number of Offer Shares that may be applied for.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 1,000 Hong Kong Offer Shares. Each application or electronic application instruction in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.eipo.com.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see "Structure of the Global Offering—Pricing and Allocation."

D. EFFECT OF BAD WEATHER ON THE OPENING AND CLOSING OF THE APPLICATION LISTS

The application lists will not open or close if there is/are:

- a tropical cyclone warning signal number 8 or above;
- a "black" rainstorm warning; or
- Extreme Conditions,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, January 29, 2021. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, January 29, 2021 or if there is/are a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal and/or Extreme Conditions in force in Hong Kong that may affect the dates mentioned in "Expected Timetable," an announcement will be made in such event.

E. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the Preferential Offering and the basis of allocation of the Hong Kong Offer Shares and the Reserved Shares on Wednesday, February 3, 2021 on the Company's website at **www.cardioflowmedtech.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering and the Preferential Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company's website at **www.cardioflowmedtech.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Wednesday, February 3, 2021;
- from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Wednesday, February 3, 2021 to 12:00 midnight on Tuesday, February 9, 2021;
- by telephone enquiry line by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. from Wednesday, February 3, 2021 to Friday, February 5, 2021 and Monday, February 8, 2021;
- in the special allocation results booklets which will be available for inspection during opening hours from Wednesday, February 3, 2021 to Friday, February 5, 2021 at all the designated branches of the receiving bank.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in "Structure of the Global Offering" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

F. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allocated to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If the Company or its agents exercise their discretion to reject your application:

The Company, the Joint Global Coordinators, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allocation of Hong Kong Offer Shares and/or Reserved Shares is void:

The allocation of Hong Kong Offer Shares and/or Reserved Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications (other than an application (if any) made on the **BLUE** Application Form in your capacity as a Qualifying MicroPort Shareholder);
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your electronic application instructions through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website at **www.eipo.com.hk**;
- your payment is not made correctly or the check or banker's cashier order paid by you is dishonored upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;

- the Company or the Joint Global Coordinators believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or

- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

G. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK$12.20 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering — Conditions of the Global Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the check or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Wednesday, February 3, 2021.

H. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allocated to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by electronic application instructions to HKSCC via CCASS where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE**, **YELLOW** or **BLUE** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- Share certificate(s) for all the Hong Kong Offer Shares allocated to you (for **YELLOW** Application Forms, Share certificates will be deposited into CCASS as described below); and

- refund check(s) crossed "Account Payee Only" in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares and/or Reserved Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund check, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund check(s).

Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund check(s).

Subject to arrangement on despatch/collection of Share certificates and refund monies as mentioned below, any refund checks and Share certificates are expected to be posted on or before Wednesday, February 3, 2021. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of check(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Thursday, February 4, 2021 provided that the Global Offering has become unconditional and the right of termination described in the "Underwriting" has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE or BLUE Application Form

If you apply for (i) 1,000,000 or more Hong Kong Offer Shares on a **WHITE** Application Form or (ii) 1,000,000 or more Reserved Shares on a **BLUE** Application Form and have provided all information required by your Application Form, you may collect your refund check(s) and/or Share certificate(s) from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, February 3, 2021 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund check(s) and/or Share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for (i) less than 1,000,000 Hong Kong Offer Shares on a **WHITE** Application Form or (ii) less than 1,000,000 Reserved Shares on a **BLUE** Application Form, your refund check(s) and/or Share certificate(s) will be sent to the address on the relevant Application Form on or before Wednesday, February 3, 2021, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above for collecting refund check(s). If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund check(s) will be sent to the address on the relevant Application Form on or before Wednesday, February 3, 2021, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited

into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Wednesday, February 3, 2021, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS Participant (other than a CCASS Investor Participant)*

For Hong Kong Offering Shares credited to your designated CCASS Participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offering Shares allocated to you with that CCASS Participant.

- *If you are applying as a CCASS Investor Participant*

The Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, February 3, 2021 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the White Form eIPO Service

If you apply for (a) 1,000,000 or more Hong Kong Offer Shares through the **White Form eIPO** service and your application is wholly or partially successful, you may collect your Share certificate(s) from The Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, February 3, 2021, or such other date as notified by the Company in the newspapers as the date of despatch/collection of Share certificates/e-Refund payment instructions/ refund checks.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares through the **White Form eIPO** service, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Wednesday, February 3, 2021 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions.

If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund check(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives electronic application instructions or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Wednesday, February 3, 2021, or, on any other date determined by HKSCC or HKSCC Nominees.

- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allocation of the Hong Kong Public Offering in the manner specified in "Publication of Results" above on Wednesday, February 3, 2021. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, February 3, 2021 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give electronic application instructions on your behalf, you can also check the number of Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Wednesday, February 3, 2021. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, February 3, 2021.

I. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-61, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF MICROPORT CARDIOFLOW MEDTECH CORPORATION AND J.P. MORGAN SECURITIES (FAR EAST) LIMITED, CITIGROUP GLOBAL MARKETS ASIA LIMITED AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of MicroPort CardioFlow Medtech Corporation (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-61, which comprises the consolidated statements of financial position of the Group as at December 31, 2018 and 2019 and July 31, 2020 and the statements of financial position of the Company as at December 31, 2019 and July 31, 2020 and the consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows, for each of the years ended December 31, 2018 and 2019 and the seven months ended July 31, 2020 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-61 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated January 26, 2021 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Group's financial position as at December 31, 2018 and 2019 and July 31, 2020, and the Company's financial position as at December 31, 2019 and July 31, 2020, and of the Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Review of stub period corresponding financial information

We have reviewed the stub period corresponding financial information of the Group which comprises the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the seven months ended July 31, 2019 and other explanatory information (the "Stub Period Corresponding Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Corresponding Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 27(b) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No historical financial statements for the Company

No financial statements have been prepared for the Company since its incorporation.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
January 26, 2021

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by KPMG Huazhen LLP Shanghai Branch (畢馬威華振會計師事務所(特殊普通合夥)上海分所) in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

Consolidated statements of profit or loss

(Expressed in Renminbi)

	Note	Years ended December 31,		Seven months ended July 31,	
		2018	2019	2019	2020
		RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue	4	–	21,502	–	48,440
Cost of sales		–	(15,200)	–	(27,455)
Gross profit		–	6,302	–	20,985
Other net income/(loss)	5	972	5,064	434	(1,518)
Research and development costs		(44,746)	(96,701)	(51,724)	(38,185)
Distribution costs		(9,381)	(26,105)	(12,610)	(23,088)
Administrative expenses		(6,097)	(10,853)	(6,302)	(34,577)
Fair value changes in financial instruments	28(e)	–	(8,649)	(11,264)	(28,107)
Other operating costs	6(c)	(12)	(1,057)	–	(17,657)
Loss from operations		(59,264)	(131,999)	(81,466)	(122,147)
Finance costs	6(a)	(999)	(12,523)	(2,033)	(70,481)
Loss before taxation	6	(60,263)	(144,522)	(83,499)	(192,628)
Income tax	7(a)	–	–	–	–
Loss for the year/period		(60,263)	(144,522)	(83,499)	(192,628)
Loss attributable to equity shareholders of the Company		(60,263)	(144,522)	(83,499)	(192,628)
Loss per share	10				
Basic and diluted (RMB)		(0.04)	(0.08)	(0.05)	(0.11)

Consolidated statements of profit or loss and other comprehensive income

(Expressed in Renminbi)

	Years ended December 31,		Seven months ended July 31,	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Loss for the year/period	(60,263)	(144,522)	(83,499)	(192,628)
Other comprehensive income for the year/period, net of nil tax				
Items that will not be reclassified to profit or loss:				
Exchange differences on translation of financial statements of the Company	–	(12,579)	–	2,988
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of financial statements of foreign subsidiaries	–	6,352	–	8,854
Other comprehensive income for the year/period	–	(6,227)	–	11,842
Total comprehensive income for the year/period	(60,263)	(150,749)	(83,499)	(180,786)
Total comprehensive income for the year/period attributable to equity shareholders of the Company	(60,263)	(150,749)	(83,499)	(180,786)

Consolidated statements of financial position

(Expressed in Renminbi)

	Note	December 31, 2018	December 31, 2019	July 31, 2020
		RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	11	34,085	42,767	42,698
Intangible assets	12	196,415	222,491	226,227
Interest in a joint venture	13	35,084	35,579	35,622
Other financial assets	14	41,275	51,673	53,627
Other non-current assets	16	17,925	9,661	4,633
		324,784	362,171	362,807
Current assets				
Inventories	15	17,080	49,224	71,936
Trade and other receivables	16	9,523	24,917	31,220
Pledged and time deposits		325	325	325
Cash and cash equivalents	17	50,418	109,263	698,166
		77,346	183,729	801,647
Current liabilities				
Interest-bearing borrowings	18	–	20,000	–
Trade and other payables	19	110,954	35,331	43,269
Contract liabilities	20	–	3,567	12
Lease liabilities	21	4,258	7,249	7,559
Derivative financial liabilities	25	–	–	26,782
Other financial liabilities	25	–	321,594	1,290,295
		115,212	387,741	1,367,917
Net current liabilities		(37,866)	(204,012)	(566,270)
Total assets less current liabilities		286,918	158,159	(203,463)
Non-current liabilities				
Lease liabilities	21	12,059	11,380	7,459
Deferred income	23	1,480	3,480	2,775
Derivative financial liabilities	24	–	11,455	14,498
		13,539	26,315	24,732
NET ASSETS/(LIABILITIES)		273,379	131,844	(228,195)
CAPITAL AND RESERVES				
Share capital	27	13,410	62	60
Reserves		259,969	131,782	(228,255)
TOTAL EQUITY/(DEFICIT)		273,379	131,844	(228,195)

Statements of financial position

(Expressed in Renminbi)

	Note	December 31, 2019	July 31, 2020
		RMB'000	RMB'000
Non-current asset			
Investment in a subsidiary	31	538,475	1,234,213
Current assets			
Other receivables		–	6
Cash and cash equivalents	17	699	30,749
		699	30,755
Current liabilities			
Other payables	19	–	19,077
Derivative financial liabilities	25	–	26,782
Other financial liabilities	25	321,594	1,290,295
		321,594	1,336,154
Net current liabilities		(320,895)	(1,305,399)
Total assets less current liabilities		217,580	(71,186)
NET ASSETS/(LIABILITIES)		217,580	(71,186)
CAPITAL AND RESERVES	27		
Share capital		62	60
Reserves		217,518	(71,246)
TOTAL EQUITY/(DEFICIT)		217,580	(71,186)

Consolidated statements of changes in equity

(Expressed in Renminbi)

	Note	Ordinary share capital	Preferred share capital	Share premium	Exchange reserve	Capital reserve	Accumulated losses	Total equity/ (deficit)
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2018		12,794	–	255,445	–	3,573	(38,932)	232,880
Changes in equity for 2018:								
Loss for the year and total comprehensive income		–	–	–	–	–	(60,263)	(60,263)
Issuance of ordinary shares	27(c)(i)	616	–	95,737	–	–	–	96,353
Deemed contribution by a related party	21	–	–	–	–	2,391	–	2,391
Equity-settled share-based transactions	6(b)	–	–	–	–	2,018	–	2,018
Balance at December 31, 2018 and January 1, 2019		13,410	–	351,182	–	7,982	(99,195)	273,379
Changes in equity for 2019:								
Loss for the year		–	–	–	–	–	(144,522)	(144,522)
Other comprehensive income		–	–	–	(6,227)	–	–	(6,227)
Total comprehensive income		–	–	–	(6,227)	–	(144,522)	(150,749)
Issuance of ordinary shares	27(c)(ii)	45	–	212,939	–	–	–	212,984
Deemed distributions to the shareholder upon the restructuring	27(c)(iii)	(13,410)	–	(351,182)	–	(321,420)	–	(686,012)
Issuance of series B preferred shares	27(c)(iv)	–	17	480,605	–	–	–	480,622
Equity-settled share-based transactions	6(b)	–	–	–	–	1,620	–	1,620
Balance at December 31, 2019 and January 1, 2020		45	17	693,544	(6,227)	(311,818)	(243,717)	131,844
Changes in equity for the seven months ended July 31, 2020:								
Loss for the period		–	–	–	–	–	(192,628)	(192,628)
Other comprehensive income		–	–	–	11,842	–	–	11,842
Total comprehensive income		–	–	–	11,842	–	(192,628)	(180,786)
Reclassification and re-designation to series D preferred shares	27(c)(v)	(2)	–	(211,707)	–	–	–	(211,709)
Equity-settled share-based transactions	6(b)	–	–	–	–	32,456	–	32,456
Balance at July 31, 2020		43	17	481,837	5,615	(279,362)	(436,345)	(228,195)
Balance at January 1, 2019		13,410	–	351,182	–	7,982	(99,195)	273,379
Changes in equity for the seven months ended July 31, 2019 (Unaudited):								
Loss for the period and total comprehensive income (Unaudited)		–	–	–	–	–	(83,499)	(83,499)
Equity-settled share-based transactions (Unaudited)	6(b)	–	–	–	–	1,002	–	1,002
Balance at July 31, 2019 (Unaudited)		13,410	–	351,182	–	8,984	(182,694)	190,882

Consolidated statements of cash flows

(Expressed in Renminbi)

	Note	Years ended December 31,		Seven months ended July 31,	
		2018	2019	2019	2020
		RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Operating activities					
Loss before taxation		(60,263)	(144,522)	(83,499)	(192,628)
Adjustment for:					
Amortization and depreciation	6(d)	2,812	13,760	4,409	13,971
Finance costs	6(a)	900	12,423	1,984	70,373
Interest income	5	(1,081)	(60)	(29)	(953)
Exchange gain in relation to the capital contribution		–	(3,951)	–	–
Fair value changes in financial instruments		–	8,649	11,264	28,107
Equity-settled share-based payment	6(b)	2,018	1,620	1,002	31,578
Changes in working capital:					
Increase in inventories		(11,982)	(32,144)	(10,089)	(21,834)
Increase in trade and other receivables		(7,415)	(14,633)	(4,444)	(5,468)
Increase in trade and other payables		9,233	2,290	27,494	409
Increase/(decrease) in deferred income		–	2,000	880	(705)
(Increase)/decrease in other non-current receivables		(4,440)	8,264	(3,908)	5,028
Increase/(decrease) in contract liabilities		–	3,567	–	(3,555)
Net cash used in operating activities		(70,218)	(142,737)	(54,936)	(75,677)
Investing activities					
Payments for the purchase of property, plant and equipment		(4,077)	(7,364)	(5,537)	(5,732)
Payments for intangible assets		(61,389)	(41,335)	(37,494)	(12,430)
Interest received		911	60	29	518
Payments for the investments in a joint venture and other financial assets		(76,359)	(7,030)	–	–
Loans to a related party		(50,000)	–	–	–
Loans repaid by a related party		50,000	–	–	–
Net cash used in investing activities		(140,914)	(55,669)	(43,002)	(17,644)
Financing activities					
Capital element of lease payments	17(b)	(824)	(3,660)	(2,635)	(4,150)
Interest element of lease payments	17(b)	(224)	(958)	(606)	(476)
Loans from related parties	17(b)	76,359	118,605	95,924	–
Repayments of loans from related parties	17(b)	–	(193,852)	(75,433)	–
Proceeds from interest-bearing borrowings	17(b)	–	70,000	34,500	–
Repayments of interest-bearing borrowings	17(b)	–	(50,000)	–	(20,000)
Interest paid for interest-bearing borrowings and loans from related parties	17(b)	–	(1,968)	(737)	(1,913)
Capital contribution from ordinary shareholders	27(c)(i)&(ii)	96,353	212,984	–	–
Deemed distributions to the shareholders upon the restructuring	27(c)(iii)	–	(686,012)	–	–
Proceeds from issuance of series B preferred shares	27(c)(iv)	–	480,622	–	–
Proceeds from issuance of series C preferred shares	25	–	317,398	–	–
Proceeds from issuance of series D preferred shares	25	–	–	–	705,713
Net cash generated from financing activities		171,664	263,159	51,013	679,174
Net (decrease)/increase in cash and cash equivalents		(39,468)	64,753	(46,925)	585,853
Cash and cash equivalents at the beginning of the year/period		89,886	50,418	50,418	109,263
Effect of foreign exchange rate changes		–	(5,908)	–	3,050
Cash and cash equivalents at the end of the year/period		50,418	109,263	3,493	698,166

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

MicroPort CardioFlow Medtech Corporation (the "Company") was incorporated in the Cayman Islands on January 10, 2019 as an exempted company with limited liability under the Companies Act (as amended) of the Cayman Islands.

The Company has not carried out any business since the date of its incorporation save for the group restructuring below. The Company and its subsidiaries (together, "the Group") are principally engaged in the research and development, manufacturing and sale of medical devices treating valvular heart diseases.

During the Relevant Periods, the Group's business was conducted through Shanghai MicroPort CardioFlow Medtech Co., Ltd. ("MP CardioFlow") (上海微創心通醫療科技有限公司). As part of the group restructuring (the "Restructuring''), as detailed in the section headed ''History, Development and Corporate Structure'' of the Prospectus, the Group obtained control of MP CardioFlow in 2019.

Upon the completion of the Restructuring in 2019, the Company became the holding company of the Group. The Restructuring principally involved inserting certain investment holding companies with no substantive operations as the new holding companies of MP CardioFlow. There were no changes in the economic substance of the ownership and the business of the Group before and after the Restructuring. Accordingly, the Historical Financial Information has been prepared and presented as a continuation of the financial information of the business with the assets and liabilities recognized and measured at their historical carrying amounts prior to the Restructuring. Intra-group balances, transactions and unrealized gain/loss on intra-group transactions are eliminated in full in preparing the Historical Financial Information.

The consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the Relevant Periods as set out in this report include the financial performance and cash flows of the companies now comprising the Group as if the current group structure had been in existence and unchanged throughout the Relevant Periods (or where the companies were incorporated/established at a date later than January 1, 2018, for the period from the date of incorporation/establishment to July 31, 2020). The consolidated statements of financial position of the Group as at December 31, 2018 and 2019 and July 31, 2020 as set out in this report have been prepared to present the financial position of the companies now comprising the Group as of those dates as if the current group structure had been in existence as of the respective dates taking into account the respective dates of incorporation/establishment, where applicable.

As at the date of this report, no audited financial statements have been prepared for the Company and MicroPort CardioFlow Limited, Derryhill Global Limited, Beijing Chenxue Enterprise Management Co., Ltd. (北京琛雪企業管理有限公司) and Chengdu Xintuo Biotechnology Co., Ltd. (成都心拓生物科技有限公司), as they either was newly set up in 2020, or have not carried out any business since the date of incorporation or are investment holding companies and not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation. The financial statements of the subsidiaries of the Group for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to the entities in the countries in which they were incorporated and/or established.

As at the date of this report, the Company has direct or indirect interests in the following principal subsidiary, which is a private company:

			Proportion of ownership interest		
Name of company	**Place and date of incorporation/ establishment**	**Particulars of registered and paid-up capital**	**Held by the Company**	**Held by the subsidiary**	**Principal activities**
MP CardioFlow* (上海微創心通醫療科技有限公司) (Note)	The People's Republic of China (the "PRC") May 21, 2015	RMB840 million	–	100%	Research and development, and the manufacturing and sale of medical devices treating valvular heart diseases

Note: The statutory financial statements of the entity for the years ended December 31, 2018 and 2019 prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC were audited by Shanghai Huidecheng Certified Public Accountants (General Partnership) * (上海匯德成會計師事務所 (普通合夥)).

* The official names of these companies are in Chinese. The English name is for identification purpose only

All companies comprising the Group have adopted December 31, as their financial year end date.

The Historical Financial Information has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (the "HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (the "HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Further details of the significant accounting policies adopted are set out in Note 2.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised HKFRSs to the Relevant Periods, including HKFRS 16, *Leases* consistently throughout the Relevant Periods. The revised and new accounting standards and interpretations issued but not yet effective for the Relevant Periods are set out in Note 33.

The adoption of HKFRS 16 does not have significant impact on the Group's net assets/(liabilities) and financial performance throughout the Relevant Periods when compared to those that would have been presented under HKAS 17, *Leases*.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Stub Period Corresponding Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Going concern

The Historical Financial Information has been prepared assuming the Group will continue as a going concern notwithstanding that the Group recorded net liabilities of RMB228,195,000 as at July 31, 2020, which is primarily due to series C preferred shares and series D preferred shares totaling RMB1,290,295,000 are classified as other financial liabilities (see Note 25). The Group also recorded net current liabilities of RMB37,866,000, RMB204,012,000 and RMB566,270,000 as at December 31, 2018 and 2019 and July 31, 2020, respectively. The directors are of the opinion that the Group could achieve the Business Commitments (as defined and detailed in Note 25), and therefore the holders of the series C preferred shares and series D preferred shares will not request the Company to redeem these preferred shares within the next twelve months from July 31, 2020. The Group will have sufficient working capital, to meet its financial liabilities and obligations as and when they fall due and to sustain its operations for the next 12 months from July 31, 2020.

(b) Basis of measurement

As the Group's operation are primarily located in the PRC and most of the Group's transactions are conducted and denominated in Renminbi ("RMB"), which is the functional currency of MP CardioFlow, the Historical Financial Information is presented in RMB, rounded to the nearest thousand, unless otherwise stated. The functional currency of the Company is United States dollars ("US$") other than RMB.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the financial assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- investments in equity securities (see Note 2(f)); and
- derivative financial instruments (see Note 2(g))

(c) Use of estimates and judgments

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

(d) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 2(f)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see Note 2(e)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(k)(ii)).

(e) Associates and joint ventures

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or a joint venture that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Notes 2(k)(ii)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year/period are recognized in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognized in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture (after applying the expected credit losses ("ECL") model to such other long-term interests where applicable (see Note 2(k)(i)).

Unrealized profits and losses resulting from transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealized losses provide evidence of an impairment of the asset transferred, in which case they are recognized immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 2(f)).

(f) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and a joint venture, are set out below.

Investments in debt and equity securities are recognized/derecognized on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognized directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 28(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortized cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see Note 2(v)(iii)).

- fair value through other comprehensive income ("FVOCI")—recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognized in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognized, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

- FVPL, if the investment does not meet the criteria for being measured at amortized cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognized in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as at FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognized in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognized in profit or loss as other income in accordance with the policy set out in Note 2(v)(ii).

(g) Derivative financial instruments

Derivative financial instruments are recognized at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss.

(h) Property, plant and equipment

Property, plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see note 2(j)) are stated at cost less accumulated depreciation and impairment losses (see Note 2(k)(ii)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labor, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see Note 2(x)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

- Leasehold improvements are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being 3 to 5 years from the date of completion;
- Equipment and machinery 5 to 10 years
- Office equipment, furniture and fixtures 5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(i) Intangible assets

Expenditure on research activities is recognized as an expense in the period in which it is incurred. Expenditure on development activities is capitalized if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalized includes the costs of materials, direct labor, and an appropriate proportion of overheads and borrowing costs, where applicable (see Note 2(x)). Capitalized development costs are stated at cost less accumulated amortization and impairment losses (see Note 2(k)(ii)). Other development expenditure is recognized as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses (see Note 2(k)(ii)). Expenditure on internally generated goodwill and brands is recognized as an expense in the period in which it is incurred.

Amortization of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortized from the date they are available for use and their estimated useful lives are as follows:

- Software 3 years
- Capitalized development costs 10 years

The useful life of capitalized development costs is estimated based on the expected life cycle of the underlying product since the commercialization. Both the period and method of amortization are reviewed annually.

(j) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalize the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalized are recognized as an expense on a systematic basis over the lease term.

Where the lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(h) and 2(k)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease term contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16 *Lease*. In such cases, the Group took advantage of the practical expedient set out in paragraph 46B of HKFRS 16 and recognized the change in consideration as if it were not a lease modification.

The Group presents right-of-use assets in 'property, plant and equipment' and presents lease liabilities separately in the consolidated statement of financial position.

(k) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognizes a loss allowance for ECLs on financial assets measured at amortized cost (including cash and cash equivalents, pledged deposits and trade and other receivables);

Other financial assets measured at fair value, including equity securities measured at FVPL, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof; and

- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade and other receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognizes a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increase in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held). The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;

- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

- an actual or expected significant deterioration in the operating results of the debtor; and

- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognized in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income

Interest income recognized in accordance with Note 2(v)(iii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortized cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganization;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognized no longer exists or may have decreased:

- Property, plant and equipment, including right-of-use assets;
- intangible assets;
- investments in a joint venture; and
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for intangible assets that are not yet available for use, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

- Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognized.

(l) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realizable value.

Cost is calculated using the moving weighted average method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(m) Contract assets and contract liabilities

A contract asset is recognized when the Group recognizes revenue (see Note 2(v)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECLs in accordance with the policy set out in Note 2(k) and are reclassified to receivables when the right to the consideration has become unconditional (see Note 2(n)).

A contract liability is recognized when the customer pays consideration before the Group recognizes the related revenue (see Note 2(v)). A contract liability would also be recognized if the Group has an unconditional right to receive consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognized (see Note 2(n)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

(n) Trade and other receivables

A receivable is recognized when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognized before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see Note 2(m)).

Receivables are stated at amortized cost using the effective interest method less allowance for credit losses (see Note 2(k)).

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are

subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in Note 2(k).

(p) Preferred shares

The preferred shares issued by the Company are classified, on the basis of their component parts, as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Preferred shares issued by the Company are classified as equity if they are non-redeemable by the Company or redeemable only at the Company's option. Dividends on preferred shares capital classified as equity are recognized as distributions within equity.

Preferred shares are classified as financial liabilities if they are redeemable on a specific date or at the option of the shareholders (including options that are only exercisable in case of triggering events having occurred). The liability is recognized and mentioned in accordance with the Group's policy for interest-bearing borrowings set out in Note 2(q) and accordingly dividends thereon are recognized on an accrual basis in profit or loss as part of finance costs.

Conversion features of preferred shares are classified separately as equity if the option will be settled by exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments. The equity component is the difference between the initial fair value of the preferred shares as a whole and the initial fair value of the liability component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

(q) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost using the effective interest method. Interest expenses is recognized in accordance with the Group's accounting policy for borrowing costs (see Note 2(x)).

(r) Trade and other payables

Trade and other payables are initially recognized at fair value. Trade and other payables are subsequently stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(s) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The fair value of equity-settled share-based payment awards granted to employees is recognized as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial tree model, taking into account the terms and conditions upon which the equity-settled share-based payment awards were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the equity-settled share-based payment awards, the total estimated fair value of the equity-settled share-based payment awards is spread over the vesting period, taking into account the probability that the equity-settled share-based payment awards will vest.

During the vesting period, the number of equity-settled share-based payment awards that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognized in prior years is charged/credited to the profit or loss for the year/period of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognized as an expense is adjusted to reflect the actual number of equity-settled share-based payment awards that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognized in the capital reserve until either the equity-settled share-based payment awards are exercised (when it is included in the amount recognized in share capital for the share issued) or the equity-settled share-based payment awards expire (when it is released directly to retained profits).

(iii) Termination benefits

Termination benefits are recognized at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognizes restructuring costs involving the payment of termination benefits.

(t) Income tax

Income tax for the year/period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year/period, using tax rates enacted or substantively enacted at the end of each reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets, to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilized.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognized is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognized when the liability to pay the related dividends is recognized.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

    - the same taxable entity; or

- different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

(u) Provisions, contingent liabilities and onerous contracts

(i) Provisions and contingent liabilities

Provisions are recognized when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Onerous contracts

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of termination the contract and the net cost of continuing with the contract.

(v) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services in the ordinary course of the Group's business.

Revenue is recognized when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Sale of medical devices

Revenue is recognized when the customer takes possession of and accepts the products. If the products are a partial fulfillment of a contract covering other goods and/or services, then the amount of revenue recognized is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

(ii) Dividends

Dividend income from unlisted investments is recognized when the shareholder's right to receive payment is established.

(iii) Interest income

Interest income is recognized as it accrues using the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

(iv) Government grants

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognized as deferred income and subsequently recognized in profit or loss on a systematic basis over the useful life of the asset.

(w) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of each reporting period. Exchange gains and losses are recognized in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognizes such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of each reporting period. The resulting exchange differences are recognized in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognized.

(x) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalization of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(y) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of the Group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(z) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENT AND ESTIMATES

There is no significant effect on the amounts recognized in the Historical Financial Information arising from the judgments, apart from those involving estimations, made by management in the process of applying the Group's accounting policies. The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

(a) Impairment of capitalized development costs

The Group is required to test intangible capitalized development assets not available for use on an annual basis. Intangible assets are tested whenever events or changes in circumstances indicate that the carrying amount of those assets exceeds its recoverable amount. The recoverable amount is determined based on the higher of fair value less cost to sell and value in use.

Determination of the value in use is an area involving management judgement in order to assess whether the carrying value of the intangible development assets not available for use can be supported by the net present value of future cash flows. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of (i) timing of commercialisation, productivity and market size; (ii) revenue compound growth rate; (iii) costs and operating expenses; and (iv) the selection of discount rates to reflect the risks involved.

(b) Recognition of deferred tax assets

Deferred tax assets are recognized for deductible temporary differences. As those deferred tax assets can only be recognized to the extent that it is probable that future taxable profit will be available against which they can be utilized, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognized if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

(c) Fair value of unlisted equity investments and derivative financial liabilities

The Group has acquired unlisted equity investments and written options to third parties during the Relevant Periods as set out in Notes 14, 24 and 25, respectively. The Group classified these financial instruments as financial assets or liabilities at FVPL in which no quoted prices in an active market exist. The fair value of these financial instruments is established by using valuation techniques, including Black-Scholes model and equity allocation model. Valuation techniques are certified by an independent and recognized international business valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. Valuation models established by the valuer make the maximum use of market inputs and rely as little as possible on the Group's specific data. However, it should be noted that some inputs, such as possibilities under certain events, require management estimates. Management estimates and assumptions are reviewed periodically and are adjusted if necessary. Should any of the estimates and assumptions changed, it may lead to a change in the fair value of the unlisted equity investments and derivative financial liabilities at FVPL.

4 REVENUE

(a) Revenue

The Group derives revenue principally from the sales of medical devices through appointed distributors.

For the purpose of making decisions about resources allocation and performance assessment, the Group's management focuses on the operating results of the Group as a whole. As such, the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products and the timing of revenue recognition is as follows：

	Year ended December 31,		Seven months ended July 31,	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue from contracts with customers within the scope of HKFRS 15				
Sales of medical devices — point in time	–	21,502	–	48,440

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the Relevant Periods is set out below:

	Year ended December 31,		Seven months ended July 31,	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Customer A	N/A	5,827	N/A	10,550
Customer B	N/A	3,781	N/A	N/A*
Customer C	N/A	N/A*	N/A	5,822

* Less than 10% of the Group's revenue in the respective years/periods

(ii) Revenue expected to be recognized in the future arising from contracts with customers in existence at the reporting date

As at December 31, 2019 and July 31, 2020, none of the amount of the transaction price was allocated to the remaining performance obligation under the Group's existing contracts.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of medical devices that had an original expected duration of one year or less.

(b) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, intangible assets, interest in a joint venture and other non-current financial assets ("specified non-current assets"). The geographical location of customers is based on the location at which the goods were delivered. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment, the location of the operations to which they are allocated, in the case of intangible assets, and the location of operations, in the case of interest in a joint venture and other non-current financial assets.

Revenue from external customers

	Year ended December 31,		Seven months ended July 31,	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
The PRC (place of domicile)	–	21,502	–	48,440

Specified non-current assets

	December 31, 2018	December 31, 2019	July 31, 2020
	RMB'000	RMB'000	RMB'000
The PRC (place of domicile)	230,500	265,258	268,925
North America	41,275	51,673	53,627
Asia (excluding the PRC)	35,084	35,579	35,622
	306,859	352,510	358,174

5 OTHER NET INCOME/(LOSS)

	Year ended December 31,		Seven months ended July 31,	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Government grants (Note)	293	3,907	15	2,292
Interest income on bank deposits	911	60	29	953
Interest income on loans to a related party	170	–	–	–
Net foreign exchange (loss)/gain	(402)	1,097	390	(4,763)
	972	5,064	434	(1,518)

Government grants recognized in "other net income/(loss)" included unconditional grants of RMB293,000, RMB3,707,000, RMB15,000 and RMB2,257,000 for the years ended December 31, 2018 and 2019 and for the seven months ended July 31, 2019 (unaudited) and 2020 respectively to compensate the Group for its research and development activities and conditional grants of RMB200,000 and RMB35,000 transferred from deferred income as the conditions attaching to the grant were achieved during the year ended December 31, 2019 and the seven months ended July 31, 2020, respectively (Note 23).

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

(a) Finance costs

	Year ended December 31,		Seven months ended July 31,	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Interest on interest-bearing borrowings	–	1,407	238	39
Interest on loans from related parties	–	2,404	1,107	–
Interest on other financial liabilities (Notes 17(b) & 25)	–	7,575	–	69,841
Interest on lease liabilities (Note 17(b))	900	1,037	639	493
Others	99	100	49	108
	999	12,523	2,033	70,481

(b) Staff costs#

	Year ended December 31,		Seven months ended July 31,	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Total equity-settled share-based payment cost	2,018	1,620	1,002	32,456
Less: capitalized into cost of inventories	–	–	–	(878)
Equity-settled share-based payment expenses recognized in consolidated statement of profit or loss (Note 26)	2,018	1,620	1,002	31,578
Defined contribution retirement plans (Note)	3,386	5,102	3,025	896
Salaries, wages and other benefits	17,088	39,425	18,851	27,830
	22,492	46,147	22,878	60,304

Note: As stipulated by the labor regulations of the PRC, the Group also participates in various defined contribution retirement plans organized by provincial and municipal governments for its employees. The Group is required to make contributions to the retirement plans at approximately 16% of the eligible employees' salaries during the Relevant Periods.

(c) Other operating costs

	Year ended December 31,		Seven months ended July 31,	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Listing expenses	–	–	–	15,123
Other legal and professional fee	–	–	–	2,324
Restructuring expenses	–	1,057	–	–
Others	12	–	–	210
	12	1,057	–	17,657

(d) Other items

	Year ended December 31,		Seven months ended July 31,	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Amortization of intangible assets (Note 12)	47	7,726	1,292	9,012
Depreciation charge# (Note 11)				
— owned property, plant and equipment	1,426	1,998	1,031	2,137
— right-of-use assets	3,819	5,523	3,222	3,311
	5,292	15,247	5,545	14,460
Less: Capitalized into intangible assets	(2,480)	(1,487)	(1,136)	(489)
	2,812	13,760	4,409	13,971
Research and development costs (other than amortization costs of intangible assets)	110,956	122,751	80,004	41,934
Less: Costs capitalized into intangible assets	(66,210)	(33,759)	(29,565)	(12,743)
	44,746	88,992	50,439	29,191
Cost of inventories# (Note 15(b))	9,144	36,857	13,066	40,039
Auditors' remuneration	11	63	–	2,317

Cost of inventories includes RMB4,103,000 and RMB11,765,000 relating to staff costs and depreciation charges, which amount is also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses for the year ended December 31, 2019 and for the seven months ended July 31, 2020, respectively.

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	Year ended December 31,		Seven months ended July 31,	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Current tax — PRC Corporate Income Tax ("CIT")				
Provision for the year/period	–	–	–	–

(i) Cayman Islands and British Virgin Islands tax

Pursuant to the current rules and regulations of Cayman Islands and British Virgin Islands, the Company and its subsidiaries located in Cayman Islands and British Virgin Islands are currently not subject to any income tax in these jurisdictions.

(ii) Hong Kong profits tax

The Company's subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at 16.5% of the estimated assessable profits. No provision for Hong Kong profit tax has been made for the Relevant Periods as there are no assessable profits during the Relevant Periods.

(iii) PRC CIT

Pursuant to the CIT Law of the PRC, all of the Company's PRC subsidiaries are liable to PRC CIT at a rate of 25%.

According to a new tax incentives policy promulgated by the State Tax Bureau of the PRC in September 2018, effective for the period from January 1, 2018 to December 31, 2020, an additional 75% of qualified research and development expenses incurred is allowed to be deducted from the taxable income.

The CIT law and its relevant regulations also impose a withholding tax at 10% on the foreign investors with respect to dividend distributions made out of the PRC entities from earnings accumulated from January 1, 2008, unless the foreign investors meet certain requirements specified in the relevant tax regulations in the PRC and accordingly are entitled to a preferential rate of 5%.

(b) Reconciliation between income tax expense and accounting loss at applicable tax rates:

	Year ended December 31,		Seven months ended July 31,	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Loss before taxation	(60,263)	(144,522)	(83,499)	(192,628)
Notional tax on loss before taxation, calculated at the rates applicable to profit in the countries concerned	(15,066)	(32,764)	(20,875)	(12,888)
Effect of other non-deductible expenses	2,329	9,474	2,234	1,475
Effect of additional deduction on research and development expenses (Note 7(a)(iii))	(6,094)	(12,353)	(5,594)	(4,174)
Effect of tax losses not recognized	18,831	36,198	24,235	15,587
Effect of non-taxable revenue	–	(555)	–	–
Actual tax expenses	–	–	–	–

8 DIRECTORS' EMOLUMENTS

Details of directors' emoluments during the Relevant Periods are as follows:

	Year ended December 31, 2018					
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Equity-settled share-based payment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman and non-executive director						
Qiyi Luo (c)	–	–	–	–	–	–
Executive directors						
Guoming Chen (e)	–	536	348	–	427	1,311
Luying Yan (e)	–	430	172	–	53	655
Guojia Wu (e)	–	477	290	–	169	936
Non-executive directors						
Yu Li (b)	–	600	591	–	143	1,334
Yong Li (c)	–	–	–	–	–	–
Junjie Zhang (c)	–	–	–	–	–	–
Xia Wu (c)	–	–	–	–	–	–
	–	2,043	1,401	–	792	4,236

	Year ended December 31, 2019					
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Equity-settled share-based payment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman and non-executive director						
Qiyi Luo (c)	–	–	–	–	–	–
Executive directors						
Shouyan Lee (a)	–	128	–	–	–	128
Guoming Chen (e)	–	575	493	–	222	1,290
Luying Yan (e)	–	606	330	–	45	981
Guojia Wu (e)	–	792	397	–	253	1,442
Non-executive directors						
Yu Li (b)	–	550	–	–	(45)	505
Yong Li (c)	–	–	–	–	–	–
Lei Jiang (d)	–	–	–	–	–	–
Zheng Wang (d)	–	–	–	–	–	–
Junjie Zhang (c)	–	–	–	–	–	–
Xia Wu (c)	–	–	–	–	–	–
	–	2,651	1,220	–	475	4,346

	Seven months ended July 31, 2020					
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Equity-settled share-based payment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman and non-executive director						
Qiyi Luo (c)	–	–	–	–	7,302	7,302
Executive directors						
Shouyan Lee (a)	–	900	–	–	1,720	2,620
Guoming Chen (e)	–	337	389	–	968	1,694
Luying Yan (e)	–	363	260	–	733	1,356
Guojia Wu (e)	–	462	312	–	882	1,656
Non-executive directors						
Yong Li (c)	–	–	–	–	487	487
Lei Jiang (d)	–	–	–	–	487	487
Zheng Wang (d)	–	–	–	–	–	–
Junjie Zhang (c)	–	–	–	–	–	–
Xia Wu (c)	–	–	–	–	–	–
	–	2,062	961	–	12,579	15,602

	Seven months ended July 31, 2019 (Unaudited)					
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Equity-settled share-based payment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman and non-executive director						
Qiyi Luo (c)	–	–	–	–	–	–
Executive directors						
Guoming Chen (e)	–	337	288	–	128	753
Luying Yan (e)	–	408	193	–	28	629
Guojia Wu (e)	–	462	231	–	148	841
Non-executive directors						
Yu Li (b)	–	353	–	–	41	394
Yong Li (c)	–	–	–	–	–	–
Junjie Zhang (c)	–	–	–	–	–	–
Xia Wu (c)	–	–	–	–	–	–
	–	1,560	712	–	345	2,617

Notes:

(a) Shouyan Lee ("Dr. Lee") was appointed as executive director of the Company on December 19, 2019. He was key management personnel of the Group since December 2019 and his remuneration disclosed above include those for services rendered by him as key management personnel. Subsequently, Dr. Lee resigned on September 7, 2020 and share options granted by the Company (see Note 26(a)) to Dr. Lee were lapsed accordingly.

(b) Yu Li was appointed as non-executive director of the Company on January 10, 2019 and resigned on December 19, 2019. She was key management personnel of the Group during the Relevant Periods and her remuneration disclosed above include those for services rendered by her as key management personnel. She was the director of MP CardioFlow before her resignation during the Relevant Periods.

(c) Qiyi Luo, Yong Li, Junjie Zhang and Xia Wu were appointed as non-executive directors of the Company on August 5, 2019 and Qiyi Luo was appointed as the chairman of the board of the Company on January 16, 2020. They were also the directors of MP CardioFlow during the Relevant Periods.

(d) Lei Jiang and Zheng Wang were appointed as non-executive directors of the Company on August 5, 2019. They were also appointed as the directors of MP CardioFlow since August 2019.

(e) Guoming Chen, Luying Yan and Guojia Wu were appointed as executive directors of the Company on September 29, 2020. They were also employees of the Group during the Relevant Periods and the Group paid emoluments to them in their capacity as the employees of the Group before their appointment as executive directors of the Company.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments of the Group for the years ended December 31, 2018 and 2019 and for the seven months ended July 31, 2019 (unaudited) and 2020, four, four, four and five individuals' emoluments are disclosed in Note 8 and the emoluments in respect of the remaining one, one, one and nil individuals during the Relevant Periods are as follows:

	Year ended December 31,		Seven months ended July 31,	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Salaries and other benefits	406	435	309	–
Discretionary bonuses	162	180	82	–
Equity-settled share-based payment	144	–	88	–
	712	615	479	–

The emoluments of the individuals with the highest emoluments are within the following bands:

	Year ended December 31,		Seven months ended July 31,	
	2018	2019	2019	2020
	Number of Individuals	Number of Individuals	Number of Individuals (Unaudited)	Number of Individuals
Nil to HK$1,000,000	1	1	1	–

10 LOSS PER SHARE

The calculation of the basic loss per share during the Relevant Periods is based on the loss for the year/period attributable to equity shareholders of the Company divided by the weighted average number of shares assumed to be in issue after taking into account the retrospective adjustments on the assumption that the Restructuring and the share subdivision as disclosed in Note 34 had been in effective on January 1, 2018, calculated as follows:

(i) Loss of the year/period attributable to equity shareholders of the Company

	Year ended December 31,		Seven months ended July 31,	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Loss of the year/period attributable to equity shareholders of the Company	(60,263)	(144,522)	(83,499)	(192,628)

(ii) Weighted average number of shares

	Year ended December 31,		Seven months ended July 31,	
	2018	2019	2019	2020
	'000	'000	'000	'000
			(Unaudited)	
Issued shares at the beginning of the year/period for the purposes of basic loss per share:				
Number of ordinary shares for the purposes of basic loss per share	1,398,989	1,265,752	1,265,752	1,265,752
Number of series B preferred shares for the purposes of basic loss per share (Notes 27(c)(i)&(iv))	270,576	484,248	484,248	484,248
	1,669,565	1,750,000	1,750,000	1,750,000
Effect of capital contributions by shareholders (Note 27(c)(i))	2,865	–	–	–
Effect of reclassification and re-designation to series D preferred shares (Note 27(c)(v))	–	–	–	(23,771)
Weighted average number of shares at the end of the year/period for the purposes of basic loss per share	1,672,430	1,750,000	1,750,000	1,726,229

There were no dilutive potential ordinary shares for the year ended December 31, 2018 and, therefore, diluted loss per share are the same as the basic loss per share.

The calculation of diluted loss per share amount for the year ended December 31, 2019 and the seven months ended July 31, 2020 has not included the potential effects of the deemed conversion of the series C preferred shares, series D preferred shares and share options granted by the Company (see Note 26(a)) during the year/period, as they had an anti-dilutive effect on the basic loss per share amount for the year/period.

11 PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Leasehold improvements	Equipment and machinery	Office equipment, furniture and fixtures	Right-of-use assets	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:						
At January 1, 2018	62	12,003	697	–	180	12,942
Transfer from construction in progress	103	815	534	–	(1,452)	–
Additions	–	–	–	19,636	8,607	28,243
Disposals	–	–	(5)	–	–	(5)
At December 31, 2018 and January 1, 2019	165	12,818	1,226	19,636	7,335	41,180
Transfer from construction in progress	838	5,889	1,201	–	(7,928)	–
Additions	–	–	–	6,274	9,929	16,203
Disposals	–	–	(2)	–	–	(2)
At December 31, 2019 and January 1, 2020	1,003	18,707	2,425	25,910	9,336	57,381
Transfer from construction in progress	9,415	1,518	138	–	(11,071)	–
Additions	–	–	–	857	4,686	5,543
Modification of lease terms	–	–	–	(164)	–	(164)
At July 31, 2020	10,418	20,225	2,563	26,603	2,951	62,760
Accumulated depreciation and amortization:						
At January 1, 2018	16	1,707	129	–	–	1,852
Charge for the year	15	1,278	133	3,819	–	5,245
Written back on disposals	–	–	(2)	–	–	(2)
At December 31, 2018 and January 1, 2019	31	2,985	260	3,819	–	7,095
Charge for the year	91	1,588	319	5,523	–	7,521
Written back on disposals	–	–	(2)	–	–	(2)
At December 31, 2019 and January 1, 2020	122	4,573	577	9,342	–	14,614
Charge for the period	724	1,147	266	3,311	–	5,448
At July 31, 2020	846	5,720	843	12,653	–	20,062
Net book value:						
At December 31, 2018	134	9,833	966	15,817	7,335	34,085
At December 31, 2019	881	14,134	1,848	16,568	9,336	42,767
At July 31, 2020	9,572	14,505	1,720	13,950	2,951	42,698

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	December 31, 2018	December 31, 2019	July 31, 2020
	RMB'000	RMB'000	RMB'000
Properties leased for own use, carried at depreciated cost	15,817	16,568	13,950

The analysis of expense items in relation to leases recognized in profit or loss is as follows:

	Year ended December 31,		Seven months ended July 31,	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:				
Properties leased for own use	3,819	5,523	3,222	3,311
Interest on lease liabilities (Note 6(a))	900	1,037	639	493
Expense relating to short-term leases (note 30(c))	371	–	–	93

During the years ended December 31, 2018 and 2019 and the seven months ended July 31, 2019 (unaudited) and 2020, additions to the right-of-use assets were RMB19,636,000, RMB6,274,000, RMB19,636,000 and RMB857,000, respectively. This amount included the capitalized lease payments payable under the new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 17(b) and 21, respectively.

The Group leases manufacturing plants, warehouses and office buildings under leases expiring in no more than three years. Some leases include an option to renew the lease when all terms are renegotiated. None of the leases includes variable lease payments.

12 INTANGIBLE ASSETS

	Capitalized development costs	Software	Total
	RMB'000	RMB'000	RMB'000
Cost			
At January 1, 2018	130,166	154	130,320
Additions	66,210	–	66,210
At December 31, 2018 and January 1, 2019	196,376	154	196,530
Additions	33,759	43	33,802
At December 31, 2019 and January 1, 2020	230,135	197	230,332
Additions	12,743	5	12,748
At July 31, 2020	242,878	202	243,080
Accumulated amortization and impairment:			
At January 1, 2018	–	68	68
Amortization charge for the year	–	47	47
At December 31, 2018 and January 1, 2019	–	115	115
Amortization charge for the year	7,709	17	7,726
At December 31, 2019 and January 1, 2020	7,709	132	7,841
Amortization charge for the period	8,994	18	9,012
At July 31, 2020	16,703	150	16,853
Net book value:			
At December 31, 2018	196,376	39	196,415
At December 31, 2019	222,426	65	222,491
At July 31, 2020	226,175	52	226,227

Included in intangible assets were an amount of RMB196,376,000, RMB75,959,000 and RMB88,705,000 that are not yet available for use as of December 31, 2018 and 2019 and July 31, 2020, respectively. These intangible assets were solely related to capitalized development costs.

Majority of amortization of intangible assets is recognized in research and development costs.

(a) Impairment test

As at December 31, 2018, the capitalized development costs not yet available for use were related to VitaFlow™ and VitaFlow™ II. The amortization of VitaFlow™ related capitalized development costs commenced in July 2019, when the registration certificate of VitaFlow™ was approved by the National Medical Products Administration.

The capitalized development costs not yet available for use as at December 31, 2019 and July 31, 2020 were both related to VitaFlow™ II.

The capitalized development costs not yet available for use are tested annually based on the recoverable amount of the cash generating unit to which the intangible asset is related. As these development costs support each of the product, their respective cash-generating unit ("CGU") is at the product level.

The recoverable amount of each CGU was determined based upon the value-in-use calculations.

The cash flow projections are based on the financial budgets approved by the directors of the Company. The revenue forecasts of VitaFlow™ and VitaFlow™ II were based on management's expectations of the timing of the commercialization, productivity and the market size of related products. Management estimates both VitaFlow™ and VitaFlow™ II will have a 10-year useful life commencing from the approval for commercialization with higher rates of revenue growth in the earlier years and declining revenue during the remaining years of the estimated useful life. Gross

profit margin ratio is estimated based on the Group's current level, taking into account the impact of cost improvements. Management also considered the gross profit margin ratio of similar products from comparable companies in estimating the gross profit margin ratio in the forecast. The discount rates used are pre-tax and reflect specific risks relating to the relevant products.

The key assumptions used in the value-in-use calculations of each CGU are as follows:

	As at December 31, 2018
VitaFlow™	
Revenue from the commercialization to the peak sales (% annualized compound growth rate)	63%
Revenue for the remaining useful life (% annualized compound growth rate)	-25%
Gross profit margin ratio	35%-76%
Pre-tax discount rate	24.9%

	As at December 31,	
	2018	2019
VitaFlow™ II		
Revenue from the commercialization to the peak sales (% annualized compound growth rate)	65%	65%
Revenue for the remaining useful life (% annualized compound growth rate)	-32%	-32%
Gross profit margin ratio	69%-78%	69%-78%
Pre-tax discount rate	28.8%	29.3%

(b) Impact of possible changes in key assumptions

The recoverable amount of the CGU of VitaFlow™ II is estimated to exceed the carrying amount of the CGU at December 31, 2018 and 2019 by RMB425,685,000 and RMB451,543,000, respectively. The recoverable amount of the CGU of VitaFlow™ is estimated to exceed the carrying amount of the CGU at December 31, 2018 by RMB30,248,000.

Considering there was still sufficient headroom based on the assessment, the directors does not believe that a reasonably possible change in key assumptions would cause the carrying amount of each CGU to exceed its respective recoverable amount.

The recoverable amount of each CGU would equal its carrying amount if each key assumption was to change as follows with all other variables held constant:

	As at December 31, 2018
VitaFlow™	
Revenue from the commercialization to the peak sales (% annualized compound growth rate)	61%
Revenue for the remaining useful life (% annualized compound growth rate)	-27%
Gross profit margin ratio	32%-74%
Pre-tax discount rate	29.3%

	As at December 31,	
	2018	2019
VitaFlow™ II		
Revenue from the commercialization to the peak sales (% annualized compound growth rate)	50%	52%
Revenue for the remaining useful life (% annualized compound growth rate)	-57%	-55%
Gross profit margin ratio	39%-50%	44%-53%
Pre-tax discount rate	74.5%	80.3%

(c) Impairment assessment for the seven months ended July 31, 2020

In accordance with the Group's accounting policies, intangible assets not yet available for use are tested for impairment on an annual basis at each year end. As at July 31, 2020, the management is not aware of any significant adverse changes on the development of VitaFlow™ II, which indicate that the carrying amount of the CGU exceeds its recoverable amount. Consequently, no interim impairment assessment as of July 31, 2020 was performed.

13 INTEREST IN A JOINT VENTURE

The following list contains the particulars of a joint venture, which is an unlisted corporate entity whose quoted market price is not available:

				Proportion of ownership interest			
Name of joint venture	Form of business structure	Place of incorporation	Particulars of issued and paid up capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal Activity
Rose Emblem Ltd. ("Rose Emblem")	Incorporated	British Virgin Islands	US$10,000,000	51%	–	51%	Investment holding

In September 2018, the Group and Witney Global Limited ("Witney"), entered into a subscription and shareholders agreement with Rose Emblem, pursuant to which, the Group and Witney subscribed 51% and 49% interests in Rose Emblem, at the consideration of US$5,100,000 (equivalent to RMB35,084,000) and US$4,900,000 (equivalent to RMB33,708,000), respectively. As the approval of the resolutions in relation to the relevant activities of Rose Emblem shall require both approval from the Group and the Witney, the directors of the Company determined that the investment in Rose Emblem is a joint venture, which is accounted for under the equity method.

The principal activity of Rose Emblem is investing in ValCare Inc. ("ValCare") via holding its preferred shares. ValCare is based in Israel and engaged in the development of the mitral valve repair devices. The investment in ValCare is classified as financial assets measured at FVPL on Rose Emblem's financial statements, the fair value of which is determined with reference to the latest subscription prices of the preferred shares issued by ValCare to its new investors in October 2019 of the same terms as Rose Emblem's.

In January 2019, MP CardioFlow granted a put option to Witney (the "Witney Put Option") in connection with Witney's investments in ValCare and 4C Medical Technologies, Inc. ("4C Medical", see Note 14). The Witney Put Option is considered as a derivative financial liability (see Note 24).

Summarized financial information of Rose Emblem and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	December 31, 2018	December 31, 2019	July 31, 2020
	RMB'000	RMB'000	RMB'000
Gross amounts of Rose Emblem			
Non-current assets	68,792	69,762	69,848
Equity	68,792	69,762	69,848
Profit for the year/period	–	–	–
Other comprehensive income	–	970	86
Total comprehensive income	–	970	86
Reconciled to the Group's interests in Rose Emblem			
Gross amounts of Rose Emblem's net assets	68,792	69,762	69,848
Group's effective interest	51%	51%	51%
Group's share of Rose Emblem's net assets and carrying amount of the Group's interest in Rose Emblem	35,084	35,579	35,622

14 OTHER FINANCIAL ASSETS

	December 31, 2018	December 31, 2019	July 31, 2020
	RMB'000	RMB'000	RMB'000
Financial assets measured at FVPL			
– Unlisted equity securities outside Hong Kong	41,275	51,673	53,627

In September 2018, the Group and Witney, entered into a subscription and shareholders agreement with 4C Medical, pursuant to which, the Group and Witney subscribed and purchased preferred shares of 4C Medical, at the consideration of US$6,000,000 (equivalent to RMB41,275,000) and US$7,000,000 (equivalent to RMB48,154,000), respectively. 4C Medical is a research and development company engaged in the development of the mitral and tricuspid valve devices and the main operation is based in the United States. The investment in 4C Medical is classified as financial assets measured at FVPL. Valuation techniques and significant assumptions for determining the fair value of the investments in 4C Medical was set out in Note 28(e).

In January 2019, the Group granted the Witney Put Option in connection with Witney's investment in ValCare (see Note 13) and 4C Medical which is recognized as a derivative financial liability (see Note 24).

In 2019, the Group subscribed and purchased additional preferred shares of 4C Medical at the consideration of US$1,000,000 (equivalent to RMB7,030,000). The movements of carrying amount of the investment in 4C Medical is set out in Note 28(e).

15 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	December 31, 2018	December 31, 2019	July 31, 2020
	RMB'000	RMB'000	RMB'000
Raw materials	17,080	27,773	34,202
Work in progress	–	15,703	32,294
Finished goods	–	5,748	5,440
	17,080	49,224	71,936

(b) The analysis of the amount of inventories recognized as an expense and included in profit or loss is as follows:

	Year ended December 31,		Seven months ended July 31,	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cost of inventories sold	–	15,200	–	27,455
Write down of the inventories	–	200	–	3,786
Cost of inventories directly recognized as research and development costs and other expenses	9,144	21,457	13,066	8,798
	9,144	36,857	13,066	40,039

16 TRADE AND OTHER RECEIVABLES AND OTHER NON-CURRENT ASSETS

	December 31, 2018	December 31, 2019	July 31, 2020
	RMB'000	RMB'000	RMB'000
Current trade and other receivables			
Trade receivables	–	–	3,155
Value-added tax recoverable	4,928	21,347	23,428
Other debtors	176	184	537
Deposits and prepayments	4,419	3,386	4,100
	9,523	24,917	31,220
Other non-current assets			
Value-added tax recoverable	17,376	9,058	4,004
Deposits	549	603	629
	17,925	9,661	4,633

All trade receivables are due from third party customers.

All of the current trade and other receivables are expected to be recovered or recognized as expense within one year.

As at December 31, 2018 and 2019 and July 31, 2020, value added tax recoverable amounting to RMB17,376,000, RMB9,058,000 and RMB4,004,000 respectively were recognized as other non-current assets as they are expected to be deducted from future value added tax payables arising on the Group's revenue which are not expected to be generated within the next 12 months from the end of each of the reporting period.

Aging analysis

As of the end of each of the reporting period, the aging analysis of trade debtors based on the invoice date (or date of revenue recognition, if earlier) and net of allowance, is as follows:

	December 31, 2018	December 31, 2019	July 31, 2020
	RMB'000	RMB'000	RMB'000
Within 1 months	–	–	3,155

17 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents

The Group

	December 31, 2018	December 31, 2019	July 31, 2020
	RMB'000	RMB'000	RMB'000
Cash at bank	50,418	109,263	698,166

As at December 31, 2018 and 2019 and July 31, 2020, cash and cash equivalents of the Group held in banks and financial institutions in the PRC amounted to RMB50,418,000, RMB90,922,000 and RMB660,722,000, respectively. The remittance of funds out of the PRC is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

The Company

As at December 31, 2019 and July 31, 2020, cash and cash equivalents represent cash at bank of RMB699,000 and RMB30,749,000, respectively.

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Interest-bearing borrowings	Loans from related parties	Other financial liabilities	Lease liabilities	Total
	RMB'000 (Note 18)	RMB'000 (Note 19)	RMB'000 (Note 25)	RMB'000 (Note 21)	RMB'000
At January 1, 2018	–	–	–	–	–
Changes from financing cash flows:					
Loans from related parties	–	76,359	–	–	76,359
Capital element of lease payments	–	–	–	(824)	(824)
Interest element of lease payments	–	–	–	(224)	(224)
Total changes from financing cash flows	–	76,359	–	(1,048)	75,311
Other changes:					
Increase in lease liabilities from entering into new leases during the period	–	–	–	19,636	19,636
Lease payments capitalized into intangible assets	–	–	–	(1,150)	(1,150)
Deemed contribution by a shareholder	–	–	–	(2,021)	(2,021)
Interest charge (Note 6(a))	–	–	–	900	900
	–	–	–	17,365	17,365
At December 31, 2018	–	76,359	–	16,317	92,676

	Interest-bearing borrowings	Loans from related parties	Other financial liabilities	Lease liabilities	Total
	RMB'000 (Note 18)	RMB'000 (Note 19)	RMB'000 (Note 25)	RMB'000 (Note 21)	RMB'000
At December 31, 2018	–	76,359	–	16,317	92,676
Changes from financing cash flows:					
Proceeds from interest-bearing borrowings	70,000	–	–	–	70,000
Repayments of interest-bearing borrowings	(50,000)	–	–	–	(50,000)
Loans from related parties	–	118,605	–	–	118,605
Repayments of loans from related parties	–	(193,852)	–	–	(193,852)
Interest paid for interest-bearing borrowings	(1,407)	(561)	–	–	(1,968)
Proceeds from issuance of preferred shares	–	–	317,398	–	317,398
Capital element of lease payments	–	–	–	(3,660)	(3,660)
Interest element of lease payments	–	–	–	(958)	(958)
Total changes from financing cash flows	18,593	(75,808)	317,398	(4,618)	255,565
Exchange adjustments	–	(1,081)	(3,379)	–	(4,460)
Other changes:					
Increase in lease liabilities from entering into new leases during the period	–	–	–	6,274	6,274
Lease payments capitalized into intangible assets	–	–	–	(381)	(381)
Interest charge (Note 6(a))	1,407	2,404	7,575	1,037	12,423
	1,407	2,404	7,575	6,930	18,316
At December 31, 2019	20,000	1,874	321,594	18,629	362,097

	Interest-bearing borrowings	Loans from related parties	Other financial liabilities	Lease liabilities	Total
	RMB'000 (Note 18)	RMB'000 (Note 19)	RMB'000 (Note 25)	RMB'000 (Note 21)	RMB'000
At December 31, 2019	20,000	1,874	321,594	18,629	362,097
Changes from financing cash flows:					
Repayments of interest-bearing borrowings	(20,000)	–	–	–	(20,000)
Interest paid for interest-bearing borrowings	(39)	(1,874)	–	–	(1,913)
Proceeds from issuance of preferred shares	–	–	705,713	–	705,713
Capital element of lease payments	–	–	–	(4,150)	(4,150)
Interest element of lease payments	–	–	–	(476)	(476)
Total changes from financing cash flows	(20,039)	(1,874)	705,713	(4,626)	679,174
Exchange adjustments	–	–	(9,420)	–	(9,420)
Other changes:					
Increase in lease liabilities from entering into new leases during the period	–	–	–	857	857
Modification of lease terms	–	–	–	(164)	(164)
Lease payments capitalized into intangible assets	–	–	–	(171)	(171)
Reclassification and re-designation from ordinary shares to series D preferred shares	–	–	211,709	–	211,709
Unpaid transaction costs in relation to series D financing	–	–	(9,142)	–	(9,142)
Interest charge (Note 6(a))	39	–	69,841	493	70,373
	39	–	272,408	1,015	273,462
At July 31, 2020	–	–	1,290,295	15,018	1,305,313

(c) Total cash outflow for leases

	Year ended December 31,		Seven months ended July 31,	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Within investing cash flows	1,150	381	234	171
Within financing cash flows	1,048	4,618	3,241	4,626
	2,198	4,999	3,475	4,797

All these amounts relate to the lease rentals paid.

18 INTEREST-BEARING BORROWING

As of the end of each reporting period, the interest-bearing borrowing were repayable as follows:

	December 31, 2018	December 31, 2019	July 31, 2020
	RMB'000	RMB'000	RMB'000
Within 1 year	–	20,000	–

As at December 31, 2019, the bank facility amounting to RMB50,000,000, which the Group withdrew loan in amount of RMB20,000,000 were unsecured and guaranteed by Shanghai MicroPort Medical (Group) Co., Ltd. ("Shanghai MicroPort Medical") (上海微創醫療器械(集團)有限公司), a fellow subsidiary of the Group. The interest-bearing borrowing of RMB 20,000,000 as of December 31, 2019 was fully repaid in January 2020. The above guarantee provided by Shanghai MicroPort Medical on the Group's interest-bearing borrowings has been released as of the date of this report.

19 TRADE AND OTHER PAYABLES

The Group

	December 31, 2018	December 31, 2019	July 31, 2020
	RMB'000	RMB'000	RMB'000
Trade payables due to			
– third party suppliers	6,988	11,647	12,143
– related parties	16,226	2,501	1,370
	23,214	14,148	13,513
Loans and interests due to related parties (Note 30)	76,359	1,874	–
Accrued payroll	5,748	10,638	9,923
Other payables and accrued charges	5,633	8,671	19,833
	110,954	35,331	43,269

All of the above balances classified as current liabilities are expected to be settled within one year.

As of the end of each reporting period, the aging analysis of the trade payables based on invoice date is as follows:

	December 31, 2018	December 31, 2019	July 31, 2020
	RMB'000	RMB'000	RMB'000
Within 1 month	18,441	13,449	13,405
Over 1 month but within 3 months	1,904	86	4
Over 3 months but within 6 months	2,807	377	15
Over 6 months but within 1 year	62	194	1
Over 1 year	–	42	88
	23,214	14,148	13,513

The Company

	December 31, 2019	July 31, 2020
	RMB'000	RMB'000
Amounts due to a subsidiary	–	6,776
Other accrued charges	–	12,301
	–	19,077

All of the above balances classified as current liabilities are expected to be settled within one year.

20 CONTRACT LIABILITIES

	December 31, 2018	December 31, 2019	July 31, 2020
	RMB'000	RMB'000	RMB'000
Advanced receipts from customers for sales of medical devices	–	3,567	12

Movements in contract liabilities

	December 31, 2018	December 31, 2019	July 31, 2020
	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	–	–	3,567
Decrease in contract liabilities as a result of recognizing revenue during the year/period that was included in the contract liabilities at the beginning of the year/period	–	–	(3,567)
Increase in contract liabilities as a result of receiving advance payments during the year/period	–	3,567	12
At the end of the year/period	–	3,567	12

21 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of each of the reporting period.

	December 31, 2018		December 31, 2019		July 31, 2020	
	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	4,258	4,361	7,249	7,397	7,559	7,770
After 1 year but within 2 years	4,232	4,566	5,839	6,301	6,027	6,560
After 2 years but within 5 years	7,827	9,133	5,541	6,301	1,432	1,611
	12,059	13,699	11,380	12,602	7,459	8,171
	16,317	18,060	18,629	19,999	15,018	15,941
Less: Total future interest expenses		(1,743)		(1,370)		(923)
Present value of lease liabilities		16,317		18,629		15,018

As at December 31, 2018 and 2019 and July 31, 2020, lease liabilities include the lease payable of RMB9,590,000, RMB13,299,000 and RMB10,680,000 due to Shanghai MicroPort Medical, respectively (see Note 30(b)(v)).

During the year ended December 31, 2018, the rental fee due to Shanghai MicroPort Medical amounting to RMB2,391,000 was waived by Shanghai MicroPort Medical and the corresponding amount was charged into capital reserve of the Group.

22 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Deferred tax assets not recognized

In accordance with the accounting policy set out in Note 2(t), the Group has not recognized deferred tax assets in respect of cumulative tax losses attributable to a subsidiary of RMB119,955,000, RMB263,122,000 and RMB325,471,000 at December 31, 2018 and 2019 and July 31, 2020, respectively due to the unpredictability of future taxable profits in the relevant tax jurisdiction and entity.

The tax losses incurred by a PRC subsidiary of RMB5,000, RMB44,860,000, RMB75,090,000, and RMB143,167,000 will expire in 2021, 2022, 2023 and 2024 respectively.

23 DEFERRED INCOME

	Note	Government subsidies for research and development projects
		RMB'000
At January 1, 2018, December 31, 2018 and January 1, 2019		1,480
Additions		2,200
Government grant recognized as other income	5	(200)
At December 31, 2019 and January 1, 2020		3,480
Additions		120
Transfers to other payables		(790)
Government grant recognized as other income	5	(35)
At July 31, 2020		2,775

24 DERIVATIVE FINANCIAL LIABILITIES

In January 2019, the Group granted a put option to Witney (the "Witney Put Option") in connection with investments on ValCare (Note 13) and 4C Medical (Note 14) which the Group and Witney made together, pursuant to which, in certain events, including the sales of ValCare and 4C Medical to a third party at a price no less than three times of the original purchase price of ValCare and 4C Medical has not occurred before the fifth anniversary of closing of investments in ValCare and 4C Medical, Witney has the right to require the Group to purchase any or all of the investments in ValCare and 4C Medical held by Witney at a price equal to the original purchase price plus interests at the 3-month London Interbank Offered Rate ("LIBOR") in US$ plus 1% by cash.

Witney Put Option is recognized as a derivative financial liability. As at December 31, 2019 and July 31, 2020, the fair value of the Witney Put Option was RMB11,455,000 and RMB14,498,000 respectively. Valuation techniques and significant assumptions adopted for determining the fair value of the Witney Put Option was set out in Note 28(e).

25 OTHER FINANCIAL LIABILITIES

In 2019, the Company completed a series C financing and issued a total of 11,250,000 series C preferred shares to Qianyi Investment I L.P. at a cash consideration of US$45 million.

In April 2020, the Company completed a series D financing, pursuant to which, (i) the Company issued a total of 8,977,273 series D preferred shares at an aggregated cash consideration of US$100 million to several investors (the "2020 Pre-IPO Investors") and (ii) Shanghai MicroPort Limited ("SHBVI", the immediate controlling party of the Company) sold 2,693,182 ordinary shares of the Company to 2020 Pre-IPO Investors at a cash consideration of US$30 million. These 2,693,182 ordinary shares previously held by SHBVI were converted to Company's series D preferred shares upon the completion of the series D financing.

Significant terms of the series C preferred shares and series D preferred shares are outlined below:

Liquidation preference

In the event of any liquidation of the Company (such as liquidation, dissolution or winding up), the holders of the series C and series D preferred shares shall be entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of the ordinary shares, an amount equals to the original issue price.

Redemption rights

Series C preferred shares shall be redeemable by the Company upon the occurrence of certain contingent events, with the main conditions being: (i) a qualified public offering does not occur before October 18, 2023, or (ii) the Company fails to accomplish certain business commitments (the "Business Commitments"), at an amount equal to the original purchase price of series C preferred shares plus per annum interest of 15% calculated on a compound basis.

Series D preferred shares shall be redeemable by the Company upon the occurrence of certain contingent events, with the main conditions being: (i) a qualified public offering does not occur before October 18, 2023 or (ii) the Company has received the redemption requests from the holders of other preferred shares, at an amount equal to the original purchase price of series D preferred share plus per annum interest of 15% calculated on a compound basis.

Conversion feature

Each preferred share shall be convertible into such number of fully paid ordinary shares at any time at the option of the holder after the respective original issue date of series D preferred shares and series C preferred shares. The initial conversion ratio for series D preferred shares and series C preferred shares to ordinary shares is 1:1. Such initial conversion ratio shall be subject to adjustment (including but not limited to dividends, share splits and combinations, capital reorganization or reclassification).

Series D Adjustment

Pursuant to the shareholders' agreement in relation to the series D financing, under certain conditions, the Company shall issue additional series D preferred shares to the 2020 Pre-IPO Investors (the "Series D Adjustment"). This is a separate component from the conversion feature.

Presentation and Classification

The redemption obligations give rise to financial liabilities, which are measured at the highest of those amounts that could be payable, and on a present value basis. The conversion feature is recognized as an equity component as series C preferred shares and series D preferred shares can be converted into ordinary shares where the number of shares to be issued is fixed.

The financial liabilities arising from series C preferred shares and series D preferred shares are measured at the transaction price at initial recognition, and subsequently at amortized cost at an effective interest rate of 15%. There is no residual amount allocated to equity for the conversion feature.

The movements of other financial liabilities during the Relevant Periods are set out in Note 17(b).

As at July 31, 2020, considering that (i) achieving the Business Commitments is beyond the control of the Group; and (ii) series D preferred shares shall be redeemable by the Company if the Company has received the redemption requests from the holders of other preferred shares, the Company does not have an unconditional right to defer redemption of series C and series D preferred shares for at least twelve months after July 31, 2020. Therefore, the series C preferred shares and the series D preferred shares were both classified as current other financial liabilities in the consolidated statement of financial position.

The Series D Adjustment is recognized as a derivative financial liability and is measured at fair value through profit or loss. As at July 31, 2020, the fair value of the Series D Adjustment was RMB26,782,000, which was determined by reference to the subscription prices of the series D preferred shares of the Company and additional series D preferred shares expected to be issued.

26 EQUITY SETTLED SHARE-BASED TRANSACTION

(a) Share options granted by the Company (equity-settled)

In March 2020, the Company adopted a share option scheme (the "Share Option Scheme"), pursuant to which, the board of the directors may authorize, at their discretion, the issuance of share options to (i) the executives and employees of the Group and (ii) the directors and employees of MicroPort Scientific Corporation ("MPSC", the ultimate controlling party of the Group) and its subsidiaries other than the Group who have contributed or will contribute to the development of the Group. Each option gives the holder the right to subscribe for one ordinary share of the Company.

(i) The terms, conditions and fair values at the grant date of the grants are as follows:

	Number of options	Fair value	Weighted average fair value per share option	Exercise price
		RMB'000	RMB	US$
Options granted to executives and employees of the Group	3,328,750	81,138	24.34	US$3.2
Options granted to directors and employees of MPSC and its subsidiaries	807,000	19,519	24.34	US$3.2
	4,135,750			

The above share options granted to the executives and employees of the Group are expected to vest in installments over an explicit vesting period of one to five years. Each installment is accounted for as a separate share-based compensation arrangement.

The above share options granted to the directors and employees of MPSC and its subsidiaries have no vesting conditions and the grant-date fair value of these share options were immediately recognized as share-based payment costs at the grant date.

The contractual life of above options is ten years.

(ii) The number and weighted average exercise prices of share options are as follows:

During the seven months ended July 31, 2020, the Company granted a total of 4,135,750 share options with an average exercise price of US$3.2. All the share options granted are exercisable by the grantees upon vesting and will expire in a period from March 2021 through March 2030. As at July 31, 2020, the weighted average remaining contractual life for the share options granted under Share Option Scheme was 9.67 years.

The fair value of services received in return for share options is measured by reference to the fair value of share options granted. Back-solve method was used to determine the equity fair value of the ordinary shares of the Company and the estimated fair value of the share options granted is measured based on a binomial tree model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial tree model.

Fair value of share options and assumptions	March 31, 2020
Fair value at measurement dates	US$3.34 – US$3.56
Share price	US$6.01
Expected exercise price	US$3.20
Expected volatility	36.27%
Option life	10 years
Expected dividend yield	0.00%
Risk-free interest rate	0.68%

(b) Share options granted by the ultimate controlling party (equity-settled)

MPSC granted certain share options to the employee of the Group. Each option gives the holder the right to subscribe for one ordinary share of MPSC, while the Group did not have an obligation to settle such transaction.

Up to July 31, 2020, MPSC has granted 1,022,000 share options in aggregation to the employee of the Group. These share options are vested in installments over an explicit vesting period of one to seven years. Each installment is accounted for as a separate share-based compensation arrangement. The contractual life of the options is ten years.

(i) The number and weighted average exercise prices of share options are as follows:

	December 31, 2018		December 31, 2019		July 31, 2020	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	RMB		RMB		RMB	
Outstanding at the beginning of the year/period	3.06	822,000	3.21	822,000	3.30	742,000
Exercised during the year/ period	–	–	–	–	3.08	(452,000)
Forfeited during the year/ period	–	–	3.12	(80,000)	–	–
Outstanding at the end of the year/period	3.21	822,000	3.30	742,000	3.70	290,000
Exercisable at the end of the year/period	2.83	102,000	3.30	742,000	3.70	290,000

All the share options granted are exercisable by the grantees upon vesting and will expire in a period from August 2020 through March 2026. As at December 31, 2018 and 2019 and July 31, 2020, the weighted average remaining contractual life for the share options granted was 4.55, 3.25 and 2.24 years, respectively.

(ii) Fair value of share options and assumptions

The fair value of services received in return for share options is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial tree model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial tree model.

The expected volatility is determined by reference to the average implied volatility of comparable companies that manufacture similar products as MPSC. Changes in the subjective input assumptions could materially affect the fair value estimate. Expected dividend yield is based on historical dividends.

In respect of share options granted during the Relevant Periods, the service condition has been taken into account in the grant date fair value measurement of the services received. There was no market condition associated with these share options.

The fair value of the share options granted was recognized as equity-settled share-based payments expenses over the vesting period with a corresponding increase in capital reserve.

The total expenses recognized in the consolidated statement of profit or loss for the share options granted by ultimate controlling party are RMB221,000, RMB70,000, RMB118,000 and nil for the years ended December 31, 2018 and 2019 and for the seven months ended July 31, 2019 (unaudited) and 2020, respectively.

(c) Employee share purchase plan (the "ESPP") (equity-settled)

In 2015, the Group has adopted an ESPP, pursuant to which, the employee of the Group established an entity (the "Employee Entity"), which is to invest in the Group. The employee participated in the ESPP have purchased equity interests in the Employee Entity at the amounts specified in the relevant agreements, with service condition terms that require them to transfer out their equity interest in Employee Entity at a price no higher than their original investment amount should they terminate their employments with the Group within 3 years from the investment date. Accordingly, the Group granted equity instruments to its employees and accounted for it as equity-settled share-based payments.

The total expenses recognized in the consolidated statement of profit or loss for the ESPP granted to the Group's employees are RMB1,797,000, RMB1,550,000, RMB884,000 and RMB720,000 for the years ended December 31, 2018 and 2019 and for the seven months ended July 31, 2019 (unaudited) and 2020, respectively.

(d) Equity-settled share-based payment expenses recognized in the consolidated statement of profit or loss during the Relevant Periods:

	Year ended December 31,		Seven months ended July 31,	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cost of sales	–	152	–	157
Research and development costs	1,515	921	683	5,636
Distribution costs	339	395	230	2,183
Administrative expenses	164	152	89	23,602
	2,018	**1,620**	**1,002**	**31,578**

27 CAPITAL AND RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's equity between the beginning and the end of the year/period are set out below.

		Ordinary Share capital	Preferred share capital	Share premium	Capital reserve	Exchange reserve	Accumulated losses	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 10, 2019, date of the incorporation		–	–	–	–	–	–	–
Changes in equity for 2019:								
Loss and total comprehensive income		–	–	–	–	(12,579)	(7,574)	(20,153)
Issuance of ordinary shares	27(c)(ii)	45	–	212,939	–	–	–	212,984
Deemed distributions to the shareholder upon the reorganization		–	–	–	(455,873)	–	–	(455,873)
Issuance of series B preferred shares	27(c)(iv)	–	17	480,605	–	–	–	480,622
Balance at December 31, 2019 and January 1, 2020		45	17	693,544	(455,873)	(12,579)	(7,574)	217,580
Changes in equity for seven months ended July 31, 2020								
Loss and total comprehensive income		–	–	–	–	2,988	(111,781)	(108,793)
Reclassification and re-designation to series D preferred shares	27(c)(v)	(2)	–	(211,707)	–	–	–	(211,709)
Equity-settled share-based transactions		–	–	–	31,736	–	–	31,736
Balance at July 31, 2020		43	17	481,837	(424,137)	(9,591)	(119,355)	(71,186)

(b) Dividends

The directors of the Company did not propose the payment of any dividend during the Relevant Periods.

(c) Share capital

Authorized

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on January 10, 2019 with authorized share capital of US$50,000 divided into 500,000,000 ordinary shares with par value of US$0.0001 each.

On August 2, 2019, the authorized share capital of the Company was US$50,000 divided into (i) 463,287,617 ordinary shares with par value of US$0.0001 each, (ii) 24,212,383 series B preferred shares with par value of US$0.0001 each, and (iii) 12,500,000 series C preferred shares with par value of US$0.0001 each.

After several changes, as of July 31, 2020, the authorized share capital of the Company was US$50,000 divided into 500,000,000 shares with par value of US$0.0001 each, consisting of (i) 452,867,162 ordinary shares, (ii) 24,212,383 series B preferred shares, (iii) 11,250,000 series C preferred shares, and (iv) 11,670,455 series D preferred shares.

Issued and fully paid

	Note	Ordinary share		Series B preferred share	
		No. of share		No. of share	
		'000	RMB'000	'000	RMB'000
Balance at January 10, 2019, date of the incorporation		–	–	–	–
Issuance of ordinary shares	27(c)(ii)	63,288	45	–	–
Issuance of series B preferred shares	27(c)(iv)	–	–	24,212	17
Balance at December 31, 2019 and January 1, 2020		63,288	45	24,212	17
Reclassification and re-designation to series D preferred shares	27(c)(v)	(2,693)	(2)	–	–
Balance at July 31, 2020		60,595	43	24,212	17

For the purpose of this History Financial Information, the share capital in the consolidated statements of financial position as at January 1, 2018 and December 31, 2018 represented the issued share capital of MP CardioFlow. Upon the completion of the Restructuring on August 5, 2019, the Company became the holding company of the Group. The share capital as at December 31, 2019 and July 31, 2020 represented the issued share capital of the Company.

(i) In August 2017 and October 2017, the original shareholders of MP CardioFlow entered into capital subscription agreements with four investors (the "Series B Investors") respectively, pursuant to which, in December 2018, Series B Investors subscribed for 4.54% newly issued in the enlarged paid-in capital of MP CardioFlow at a total consideration of RMB96,353,000.

(ii) In July 2019, SHBVI subscribed for 56,625,716 shares issued by the Company at a total consideration of US$27,000,000 (equivalent to RMB191,374,000). The consideration was fully paid in August 2019.

In September 2019, the Company issued an aggregated 6,661,901 ordinary shares to certain shareholder at a total consideration of RMB21,610,000. Such capital contribution was designated by the Company to directly inject into MP CardioFlow. The difference between the share capital and the consideration is recognized in the capital reserve of the Group.

(iii) In April 2019 and August 2019, CardioFlow HK entered into an equity purchase agreement with the existing shareholders of MP CardioFlow to acquire the 100% of the equity interests in MP CardioFlow with a total consideration equivalent to RMB686,012,000.

(iv) In August 2019, the Company issued an aggregated 24,212,383 series B preferred shares at a total consideration of US$68,369,000 (equivalent to RMB480,622,000).

The series B preferred shares are considered as equity instruments because the redemption obligations included in the share purchase agreement are redeemed by SHBVI or other entities controlled by MPSC, while not by the Group.

(v) As disclosed in Note 25, SHBVI sold 2,693,182 ordinary shares of the Company to the 2020 Pre-IPO Investors and these ordinary shares were reclassified and re-designated to series D preferred shares. The difference between (i) the initial carrying amount of series D preferred shares in amount of US$30,000,000 (equivalent to RMB211,709,000) and (ii) the carrying amount of ordinary share capital transferred of RMB2,000 has been debited to the share premium of the Company.

(d) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by the Companies Act of the Cayman Islands.

(ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of the Company and certain subsidiaries within the Group. The reserve is dealt with in accordance with the accounting policies set out in Note 2(w).

(iii) Capital reserve

The capital reserve primarily comprises the following:

- the fair value of the actual or estimated number of unexercised share options granted to executives and employees of the Group in accordance with the accounting policy adopted for share-based payments in Note 2(s)(ii);

- the historical book value of the share capital and share premium of MP CardioFlow when the 100% equity interests of MP CardioFlow were transferred to the Group under the restructuring, less consideration the Group has paid to acquire the 100% equity interests of MP CardioFlow under the restructuring; and

- the liabilities of the Group waived by related parties.

(e) Capital management

The Group's objectives in the aspect of managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group defines "capital" as including all components of equity and redeemable preferred shares recognized as financial liabilities as at the end of each of the reporting period and "debt" as including interest-bearing borrowings, loans from related parties and lease liabilities. On this basis, the amount of capital employed at December 31, 2018 and 2019 and July 31, 2020 was RMB273,379,000, RMB453,438,000 and RMB1,062,100,000, respectively and the debt-to-capital ratio is 33.9%, 8.5% and 1.4%, respectively.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are state-owned banks or reputable commercial banks for which the Group considers to have low credit risk. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

The management has assessed that during the Relevant Periods, trade and other receivables have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management. The management of the Company expect the occurrence of losses from non-performance by the counterparties of trade and other receivables was remote and loss allowance provision for trade and other receivables was immaterial.

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each reporting period) and the earliest date the Group can be required to pay:

	As at December 31, 2018 Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	110,954	–	–	–	110,954	110,954
Lease liabilities	4,361	4,566	9,133	–	18,060	16,317
	115,315	4,566	9,133	–	129,014	127,271

	As at December 31, 2019 Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing borrowings	20,595	–	–	–	20,595	20,000
Trade and other payables	35,115	216	–	–	35,331	35,331
Lease liabilities	7,397	6,301	6,301	–	19,999	18,629
Other financial liabilities	346,128	–	–	–	346,128	321,594
	409,235	6,517	6,301	–	422,053	395,554

	As at July 31, 2020 Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	43,269	–	–	–	43,269	43,269
Lease liabilities	7,770	6,560	1,611	–	15,941	15,018
Other financial liabilities	1,494,474	–	–	–	1,494,474	1,290,295
	1,545,513	6,560	1,611	–	1,553,684	1,348,582

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises primarily from cash at banks, deposits with banks, interest-bearing borrowings, loans from/to related parties and redeemable preferred shares. The Group's interest-bearing financial instruments at variable rates as at December 31, 2018 and 2019 and July 31, 2020 are primarily the cash at bank except for fixed deposits, and the cash flow interest risk arising from the change of market interest rate on these balances is not considered significant. The Group's exposure to interest rate risk is not significant.

The Group's interest rate profile as monitored by management is set out below.

	December 31, 2018		December 31, 2019		July 31, 2020	
	Effective interest rate	Amount	Effective interest rate	Amount	Effective interest rate	Amount
		RMB'000		RMB'000		RMB'000
Net fixed rate instruments:						
Deposits with banks	–	325	–	325	–	325
Lease liabilities	5.37%	(16,317)	5.37%	(18,629)	5.37%	(15,018)
Loans from related parties	–	(76,359)	–	–	–	–
Other financial liabilities	–	–	15.00%	(321,594)	15.00%	(1,290,295)
		(92,351)		(339,898)		(1,304,988)
Net variable rate instruments:						
Interest-bearing borrowings	–	–	4.35%	(20,000)	–	–
Cash at banks	0.3%-0.35%	50,418	0.1%-0.35%	109,263	0.1%-0.35%	698,166
		50,418		89,263		698,166
		(41,933)		(250,635)		(606,822)

(d) Currency risk

The Group is exposed to currency risk primarily from (i) purchases which give rise to payables that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily Euros and US$. (ii) Cash at bank of the PRC subsidiaries that are denominated in US$, whose functional currency is RMB.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of each reporting period to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at

the year end date. Differences resulting from the translation of the financial statements of the entities into the Group's presentation currency are excluded.

	Exposure to foreign currencies (expressed in RMB)					
	December 31, 2018		December 31, 2019		July 31, 2020	
	Euros RMB'000	US$ RMB'000	Euros RMB'000	US$ RMB'000	Euros RMB'000	US$ RMB'000
Cash and cash equivalents	–	–	–	70,269	–	139,610
Trade and other payables	(3,015)	(6,480)	(2,576)	(854)	(3,179)	(2,222)
Loans from related parties	–	(76,359)	–	(1,134)	–	–
Derivative financial liabilities	–	–	–	(11,455)	–	(14,498)
Net exposure arising from recognized assets and liabilities	(3,015)	(82,839)	(2,576)	56,826	(3,179)	122,890

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss after tax (and accumulative losses) that would arise if foreign exchange rates to which the Group has significant exposure at the end of each of the reporting period had changed at that date, assuming all other risk variables remained constant.

	Years ended December 31,				Seven months ended July 31,			
	2018		2019		2019 (Unaudited)		2020	
	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses
		RMB'000		RMB'000		RMB'000		RMB'000
Euros (against RMB)	3%	(90)	3%	(77)	3%	(83)	3%	(95)
	(3)%	90	(3)%	77	(3)%	83	(3)%	95
US$ (against RMB)	3%	(2,485)	3%	1,705	3%	(74)	3%	3,687
	(3)%	2,485	(3)%	(1,705)	(3)%	74	(3)%	(3,687)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' loss after tax and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of each of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of each of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of the entities into the Group's presentation currency. The analysis has been performed on the same basis for the Relevant Periods.

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of each reporting period on a recurring basis, categorized into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group has engaged Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an external valuer to perform valuations for the financial instruments, including unlisted equity securities and the Witney Put Option. A valuation report with analysis of changes in fair value measurement is prepared by the external valuer at each reporting date, and is reviewed and approved by the Group's management.

		Fair value measurements as at December 31, 2018 categorized into		
	Fair value at December 31, 2018	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement				
Financial assets:				
Unlisted equity securities (Note 14)	41,275	–	–	41,275

		Fair value measurements as at December 31, 2019 categorized into		
	Fair value at December 31, 2019	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement				
Financial assets:				
Unlisted equity securities (Note 14)	51,673	–	–	51,673
Financial liabilities:				
Derivative financial instruments				
- Witney Put Option (Note 24)	(11,455)	–	–	(11,455)

		Fair value measurements as at July 31, 2020 categorized into		
	Fair value at July 31, 2020	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement				
Financial assets:				
Unlisted equity securities (Note 14)	53,627	–	–	53,627
Financial liabilities:				
Derivative financial instruments				
- Series D Adjustment (Note 25)	(26,782)	–	–	(26,782)
- Witney Put Option (Note 24)	(14,498)	–	–	(14,498)

During the Relevant Periods, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of each of the reporting period in which they occur.

Information about Level 3 fair value measurements

	December 31, 2018		December 31, 2019		July 31, 2020	
	Valuation techniques	Significant unobservable inputs	Valuation techniques	Significant unobservable inputs	Valuation techniques	Significant unobservable inputs
Series D Adjustment	N/A	N/A	N/A	N/A	Recent transaction price	fair value of the underlying series D preferred shares of the Company (Note a)
Unlisted equity securities	Recent transaction price	N/A	Equity allocation model	Expected probability of event of 50% and expected volatility of 32%, taking into account the historical volatility of the comparable companies (Note b)	Equity allocation model	Expected probability of event of 50% and expected volatility of 35%, taking into account the historical volatility of the comparable companies (Note b)
Witney Put Option	N/A	N/A	Black-Scholes model	Expected probability of event of 50% and expected volatility of 29%, taking into account the historical volatility of the comparable companies (Note c)	Black-Scholes model	Expected probability of event of 50% and expected volatility of 37%, taking into account the historical volatility of the comparable companies (Note c)

Note a As at July 31, 2020, it is estimated that with all other variables held constant, an increase/decrease in the fair value of the underlying series D preferred shares of the Company by 5% would have increased/decreased the Group's loss by RMB1,348,000/RMB1,348,000.

Note b As at December 31, 2019, it is estimated that with all other variables held constant, an increase/decrease in the expected probability of event by 10% would have decreased/increased the Group's loss by RMB697,000/RMB801,000 and an increase/decrease in the expected volatility by 5% would have increased/decreased the Group's loss by RMB926,000/RMB757,000.

As at July 31, 2020, it is estimated that with all other variables held constant, an increase/decrease in the expected probability of event by 10% would have increase/decrease the Group's loss by RMB1,064,000/RMB1,064,000 and an increase/decrease in the expected volatility by 5% would have decreased/increased the Group's loss by RMB26,000/RMB214,000.

Note c As at December 31, 2019, it is estimated that with all other variables held constant, an increase/decrease in the expected probability of event by 5% would have increased/decreased the Group's loss by RMB1,145,000/RMB1,145,000 and an

increase/decrease in the expected volatility by 5% would have increased/decreased the Group's loss by RMB1,625,000/RMB1,635,000.

As at July 31, 2020, it is estimated that with all other variables held constant, an increase/decrease in the expected probability of event by 5% would have increased/decreased the Group's loss by RMB1,450,000/RMB1,450,000 and an increase/decrease in the expected volatility by 5% would have increased/decreased the Group's loss by RMB1,561,000/RMB1,577,000.

The movements during the Relevant Periods in the balance of these Level 3 fair value measurements are as follows:

	Financial assets	Financial liabilities
	RMB'000	RMB'000
At January 1, 2018	–	–
Additions	41,275	–
At December 31, 2018 and at January 1, 2019	41,275	–
Exchange adjustments	562	–
Additions	7,030	–
Changes in fair value recognized in profit or loss during the year	2,806	(11,455)
At December 31, 2019 and at January 1, 2020	51,673	(11,455)
Exchange adjustments	50	186
Changes in fair value recognized in profit or loss during the period	1,904	(30,011)
At July 31, 2020	53,627	(41,280)

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortized cost were not materially different from their fair values as at December 31, 2018 and 2019 and July 31, 2020.

29 COMMITMENTS

Capital commitments in respect of property, plant and equipment and intangible assets outstanding at December 31, 2018 and 2019 and July 31, 2020 not provided for in the financial statements were as follows:

	December 31, 2018	December 31, 2019	July 31, 2020
	RMB'000	RMB'000	RMB'000
Contracted for	5,340	1,168	2,130

30 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8 and certain of the highest paid individuals as disclosed in Note 9, is as follows:

	Year ended December 31,		Seven months ended July 31,	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Salaries and other benefits	2,043	2,651	1,560	2,062
Discretionary bonuses	1,401	1,220	712	961
Equity-settled share-based payment expenses	792	475	345	4,303
	4,236	4,346	2,617	7,326

(b) Financing arrangement with related parties

(i) In September 2018, the ultimate controlling party of the Group, MPSC paid the consideration of US$11,100,000 (equivalent to RMB76,359,000) for certain investments on behalf the Group. The amount was repaid by the Group in July 2019.

(ii) In August 2019, MPSC provided a short-term loan of US$3,200,000 to the Group for the purpose of the reorganization with an interest rate at approximately 4.78% per annum. The loans were repaid to MPSC in November 2019.

(iii) In October 2018, the Group provided a short-term loan of RMB50,000,000 to Shanghai MicroPort Medical with an interest rate at 2% per annum. Shanghai MicroPort Medical has repaid the loan in December 2018.

(iv) Shanghai MicroPort Medical and its related parties signed Renminbi Cash Pool Management Agreement (the "Agreement") with the Bank of China ("BOC"). According to the Agreement, Shanghai MicroPort Medical and its related parties allow BOC to transfer the balance or overdraft of their respective bank accounts into Shanghai MicroPort Medical designated cash pooling account before the end of each business day, as entrusted loans to or from Shanghai MicroPort Medical. The effective annual interest rates charged on the entrusted loans to or from Shanghai MicroPort Medical was 2%. MP CardioFlow participated in this Agreement in 2016 and borrowed the loan of RMB95,924,000 in total from Shanghai MicroPort Medical in 2019, which have been fully settled in 2019.

(v) During the Relevant Periods, the Group entered into lease contracts in respect of certain leasehold properties from Shanghai MicroPort Medical for its operation. At the commencement date of these leases, the Group recognized right-of-use assets and lease liabilities in amount of RMB11,690,000, RMB6,274,000 and RMB560,000 for the years ended December 31, 2018 and 2019 and for the seven months ended July 31, 2020, respectively.

(vi) During the years ended December 31, 2018, the finance cost and interest income arising from financing arrangements in (i) to (v) charged to the consolidated profit or loss is RMB551,000 and RMB170,000, respectively.

During the years ended December 31, 2019, the finance cost arising from financing arrangements in (i) to (v) charged to the consolidated profit or loss is RMB3,129,000.

During the seven months ended July 31, 2020, the finance cost arising from financing arrangements in (i) to (v) charged to the consolidated profit or loss is RMB345,000.

(c) Other transactions with related parties

Particulars of the Group's other transactions with related parties during the Relevant Periods are as follows:

Name of party	Relationship
MPSC	Ultimate controlling party of the Group
Shanghai MicroPort Medical	Fellow subsidiary of the Group
AccuPath Medtech (Jiaxing) Co., Ltd. ("AccuPath") (脈通醫療科技(嘉興)有限公司)	Fellow subsidiary of the Group
Shanghai MicroPort Endovascular Medtech (Group) Co., Ltd. ("Shanghai MicroPort Endovascular") (上海微創心脈醫療科技(集團)股份有限公司)	Fellow subsidiary of the Group
Innovational Holding LLC ("MPI")	Fellow subsidiary of the Group
Shanghai Anzhu Medtech Co., Ltd. ("Anzhu") (上海安助醫療科技有限公司)	Fellow subsidiary of the Group
MicroPort Medical B.V. ("MPMBV")	Fellow subsidiary of the Group

	Year ended December 31,		Seven months ended July 31,	
	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Purchase of goods from Shanghai MicroPort Medical	11,127	7,154	5,876	–
Purchase of goods from AccuPath	208	681	186	585
Purchase of goods from Shanghai MicroPort Endovascular	4	–	–	–
Purchase of goods from MPI	–	–	–	5
Service fee charged by Shanghai MicroPort Medical	10,022	11,092	7,316	3,223
Service fee charged by Anzhu	187	298	91	17
Service fee charged by MPMBV	–	–	–	12
Short-term operating lease charges by Shanghai MicroPort Medical	371	–	–	93
Payment on behalf of the Group by MPSC	–	–	–	8
Guarantee issued by Shanghai MicroPort Medical in respect of the Group's bank loans	–	70,000	50,000	–

31 INVESTMENT IN SUBSIDIARIES

The Company

	December 31, 2019	July 31, 2020
	RMB'000	RMB'000
Investment in subsidiaries, at cost	538,475	1,234,213

Particulars of the principal subsidiaries are set out in Note 1.

32 IMMEDIATE AND ULTIMATE CONTROLLING PARTIES

As at July 31, 2020, the directors consider the immediate parent to be Shanghai MicroPort Limited, which is incorporated in British Virgin Islands and does not produce financial statements available for public use.

As at July 31, 2020, the directors consider the ultimate controlling party is MicroPort Scientific Corporation, which is incorporated in Cayman Islands. MicroPort Scientific Corporation is listed on the Main Board of The Stock Exchange of Hong Kong Limited and produces financial statements available for public use.

33 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE RELEVANT PERIODS

Up to the date of issue of the Historical Financial Information, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the Relevant Periods and which have not been adopted in the Historical Financial Information. These include the following:

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest Rate Benchmark Reform — Phase 2*	1 January 2021
Annual Improvements to HKFRS Standards 2018 - 2020	1 January 2022
Amendments to HKFRS 3, *Reference to the Conceptual Framework*	1 January 2022
Amendments to HKAS 16, *Property, plant and equipment: proceeds before intended use*	1 January 2022
Amendments to HKAS 37, *Onerous contracts — cost of fulfilling a contract*	1 January 2022
Amendments to HKAS 1, *Classification of liabilities as current or non-current*	1 January 2023
HKFRS 17, *Insurance contracts*	1 January 2023
Amendments to HKFRS 10 and HKAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	To be determined

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far the Group has concluded that the adoption of them is unlikely to have a significant impact on the Group's consolidated financial statements.

34 SUBSEQUENT EVENTS

On January 15, 2021, a share subdivision was approved by the shareholders of the Company, pursuant to which, each issued and unissued share capital was subdivided to twenty shares of the corresponding class with par value US$0.000005 each.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to July 31, 2020.

The following information does not form part of the Accountants' Report from KPMG, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this prospectus, and is included for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the "Financial Information" section in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 ''Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars'' issued by the Hong Kong Institute of Certified Public Accountants and is set out below to illustrate the effect of the Global Offering on the consolidated net tangible liabilities of the Group as at July 31, 2020 as if the Global Offering had taken place on July 31, 2020.

The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group had the Global Offering been completed as at July 31, 2020 or any future date.

	Consolidated net tangible liabilities of the Group as at July 31, 2020 (1)	Estimated net proceeds from the Global Offering (2)	Estimated impact upon the conversion of Series C Preferred Shares and Series D Preferred Shares (3)	Unaudited pro forma adjusted net tangible assets as at July 31, 2020	Unaudited pro forma adjusted net tangible assets per Share (4)	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB	HK$ (5)
Based on an Offer Price of HK$11.10 per Offer Share	(454,422)	1,798,180	1,317,077	2,660,835	1.12	1.35
Based on an Offer Price of HK$12.20 per Offer Share	(454,422)	1,979,175	1,317,077	2,841,830	1.20	1.44

Notes:

(1) The consolidated net tangible liabilities of the Group as at July 31, 2020 is calculated based on the consolidated net liabilities of RMB228,195,000 as at July 31, 2020, less the intangible assets of RMB226,227,000, extracted from the Accountants' Report set out in Appendix I to the Prospectus.

(2) The estimated net proceeds from the Global Offering are based on the indicative Offer Prices of HK$11.10 and HK$12.20 per Share, being the low end price and high end price of the indicative Offer Price range respectively, after deduction of the estimated underwriting fees and other related expenses related to Global Offering (excluding approximately RMB15,123,000 listing expenses which has been charged to profit or loss up to July 31, 2020) and the issuance of 205,620,000 Shares, takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted into RMB at an exchange rate of HK$1.1996 to RMB1. No representation is made that the Hong Kong Dollars amounts have been, could have been or may be converted into Renminbi, or vice versa at that rate.

(3) The aggregated balance of Series C Preferred Shares and Series D Preferred Shares including the Series D Adjustment was RMB1,317,077,000 as of July 31, 2020 (as set out in Note 25 of Appendix I in this prospectus). Upon the Listing, Series C Preferred Shares and Series D Preferred Shares will be automatically converted into ordinary shares of the Company and will be re-designated from liabilities to equity.

(4) The unaudited pro forma adjusted net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 2,366,167,020 Shares were in issue assuming that the Global Offering and the Share Subdivision had been completed on July 31, 2020 (including completion of the conversion of Series B Preferred Shares, Series C Preferred Shares and Series D Preferred Shares into ordinary shares of the Company) without taking into account of any Shares which may be issued upon exercise of the Over-allotment Option.

(5) For the purpose of this pro forma adjusted net tangible assets, the balances stated in RMB are converted into Hong Kong dollars at a rate of RMB0.8336 to HK$1. No representation is made that the Renminbi amounts have been, could have been or may be converted into Hong Kong Dollars, or vice versa at that rate.

(6) No adjustment has been made to the unaudited pro forma adjusted net tangible assets to reflect any trading result or other transactions of the Group entered into subsequent to July 31, 2020.

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose of incorporation in this prospectus.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF MICROPORT CARDIOFLOW MEDTECH CORPORATION

We have completed our assurance engagement to report on the compilation of pro forma financial information of MicroPort CardioFlow Medtech Corporation (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets as at July 31, 2020 and related notes as set out in Part A of Appendix IIA to the prospectus dated January 26, 2021 (the "Prospectus") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix IIA to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed offering of the ordinary shares of the Company (the "Global Offering") on the Group's financial position as at July 31, 2020 as if the Global Offering had taken place at July 31, 2020. As part of this process, information about the Group's financial position as at July 31, 2020 has been extracted by the Directors from the Group's historical financial information included in the Accountants' Report as set out in Appendix I to the Prospectus.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of events or transactions as at July 31, 2020 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our procedures on the pro forma financial information have not been carried out in accordance with attestation standards or other standards and practices generally accepted in the United States of America, auditing standards of the Public Company Accounting Oversight Board (United States) or any overseas standards and accordingly should not be relied upon as if they had been carried out in accordance with those standards and practices.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

Opinion

In our opinion:

a) the pro forma financial information has been properly compiled on the basis stated;

b) such basis is consistent with the accounting policies of the Group, and

c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

KPMG
Certified Public Accountants
Hong Kong

January 26, 2021

The estimated consolidated loss attributable to equity shareholders of the Company for the year ended December 31, 2020 is set out in the section headed "Financial Information – Loss Estimate for the Year Ended December 31, 2020" in this prospectus.

A. BASES

We have prepared our estimate of the consolidated loss attributable to equity shareholders of the Company for the year ended December 31, 2020 based on (i) the audited consolidated results of the Group for the seven months ended July 31, 2020 as set out in the Accountants' Report in Appendix I to the Prospectus; and (ii) the unaudited consolidated results based on the management accounts of the Group for the five months ended December 31, 2020. Our loss estimate has been prepared on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our Accountants' Report, the text of which is set out in Appendix I to this prospectus. In the absence of unforeseen circumstances, the estimated consolidated loss attributable to equity shareholders of the Company for the year ended December 31, 2020 will be no more than RMB400.0 million.

B. LETTER FROM THE REPORTING ACCOUNTANTS

The following is the text of a letter, prepared for the inclusion in this prospectus, received from KPMG, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, in relation to our Group's loss estimate for the year ended December 31, 2020.

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

January 26, 2021

The Directors
MicroPort CardioFlow Medtech Corporation

J.P. Morgan Securities (Far East) Limited
Citigroup Global Markets Asia Limited
China International Capital Corporation Hong Kong Securities Limited

Dear Sirs,

MicroPort CardioFlow Medtech Corporation ("the Company")

Loss Estimate for Year Ended December 31, 2020

We refer to the estimate of the consolidated loss attributable to equity shareholders of the Company for the year ended December 31, 2020 ("the Loss Estimate") set forth in the section headed "Financial Information" in the prospectus of the Company dated January 26, 2021 ("the Prospectus").

Directors' Responsibilities

The Loss Estimate has been prepared by the directors of the Company based on the audited consolidated results of the Company and its subsidiaries (collectively referred to as "the Group") for the seven months ended July 31, 2020 and the unaudited consolidated results based on the management accounts of the Group for the five months ended December 31, 2020.

The Company's directors are solely responsible for the Loss Estimate.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Loss Estimate based on our procedures. We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 "Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness" and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company's directors have properly compiled the Loss Estimate in accordance with the bases adopted by the directors and as to whether the Loss Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Loss Estimate has been properly compiled in accordance with the bases adopted by the directors as set out in Appendix IIB of the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants' report dated January 26, 2021, the text of which is set out in Appendix I of the Prospectus.

Yours faithfully,

KPMG
Certified Public Accountants
Hong Kong

C. LETTER FROM THE JOINT SPONSORS

The following is the text of a letter, prepared for the inclusion in this prospectus, received from J.P. Morgan Securities (Far East) Limited, Citigroup Global Markets Asia Limited and China International Capital Corporation Hong Kong Securities Limited, the Joint Sponsors, in relation to our Group's loss estimate for the year ended December 31, 2020.

January 26, 2021

The Board of Directors
MicroPort CardioFlow Medtech Corporation
P.O. Box 10008
Willow House, Cricket Square
Grand Cayman, KY1-1001
Cayman Islands

Dear Sirs,

We refer to the estimate of the consolidated loss attributable to equity shareholders of MicroPort CardioFlow Medtech Corporation (the "Company") for the year ended December 31, 2020 (the "Loss Estimate") set forth in the section headed "Financial Information—Loss Estimate for the Year Ended December 31, 2020" in the prospectus of the Company dated January 26, 2021 (the "Prospectus").

The Loss Estimate, for which the directors of the Company (the "Directors") are solely responsible, has been prepared by the Directors based on (i) the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the seven months ended July 31, 2020 as set out in the Accountants' Report in Appendix I to the Prospectus and (ii) the unaudited consolidated results based on the management accounts of the Group for the five months ended December 31, 2020.

We have discussed with you the bases made by the Directors as set out in Appendix IIB to the Prospectus, upon which the Loss Estimate has been made. We have also considered the letter dated January 26, 2021 addressed to yourselves and ourselves from KPMG, *Certified Public Accountants*, regarding the accounting policies and calculations upon which the Loss Estimate has been made.

On the basis of the information comprising the Loss Estimate and on the basis of the accounting policies and calculations adopted by you and reviewed by KPMG, *Certified Public Accountants*, we are of the opinion that the Loss Estimate, for which you as the Directors are solely responsible, has been made after due and careful enquiry.

For and on behalf of

J.P. Morgan Securities (Far East) Limited
Raymond Wai Cheuk Lau
Executive Director

Citigroup Global Markets Asia Limited
Chao Lu
Managing Director

China International Capital Corporation Hong Kong Securities Limited

Barry Chan
Managing Director

Jin Liang
Managing Director

MEMORANDUM OF ASSOCIATION

The Memorandum of Association of the Company was conditionally adopted on January 15, 2021 and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

The Memorandum of Association is available for inspection at the address specified in Appendix V in the section headed "Documents available for inspection."

ARTICLES OF ASSOCIATION

The Articles of Association of the Company were conditionally adopted on January 15, 2021 and include provisions to the following effect:

Classes of Shares

The share capital of the Company consists of ordinary shares. The capital of the Company at the date of adoption of the Articles is US$50,000.00 divided into 10,000,000,000 shares of US$0.000005 each.

Directors

Power to allot and issue Shares

Subject to the provisions of the Companies Act and the Memorandum and Articles of Association, the unissued shares in the Company (whether forming part of its original or any increased capital) shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Directors shall determine.

Subject to the provisions of the Articles of Association and to any direction that may be given by the Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such persons at such times and for such consideration as the Directors may determine. Subject to the Companies Act and to any special rights conferred on any shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of the Company or the holder thereof, liable to be redeemed.

Power to dispose of the assets of the Company or any subsidiary

The management of the business of the Company shall be vested in the Directors who, in addition to the powers and authorities by the Articles of Association expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not by the Articles of Association or the Companies Act expressly directed or

required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Companies Act and of the Articles of Association and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or the Articles of Association, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

Compensation or payment for loss of office

Payment to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must first be approved by the Company in general meeting.

Loans to Directors

There are provisions in the Articles of Association prohibiting the making of loans to Directors or their respective close associates which are equivalent to the restrictions imposed by the Companies Ordinance.

Financial assistance to purchase Shares

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries or any holding company or any subsidiary of such holding company in order that they may buy shares in the Company or any such subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

Disclosure of interest in contracts with the Company or any of its subsidiaries

No Director or proposed Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so contracting or being any member or so interested be liable to account to the Company for any profit so realized by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the board of Directors at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may be made by the Company.

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates (or, if required by the Listing Rules, his other associates)

has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

(i) the giving to such Director or any of his close associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:

(A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or

(B) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

Remuneration

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Directors, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

The Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Directors including their expenses of traveling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who shall perform any special or extra services at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

The remuneration of an executive Director or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Directors and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

Retirement, appointment and removal

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at that meeting, but shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation at such meeting.

The Company may by ordinary resolution remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director (but without prejudice to any claim for compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment of office as a result of the termination of this appointment as Director). The Company may also by ordinary resolution appoint another person in his place. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed.

The Company may also by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. No person shall, unless recommended by the Directors, be eligible for election to the office of Director at any general meeting unless, during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary of the Company notice in writing by a member of the Company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated:

(i) if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;

(ii) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;

(iii) if, without leave, he is absent from meetings of the Directors (unless an alternate Director appointed by him attends) for 12 consecutive months, and the Directors resolve that his office be vacated;

(iv) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(v) if he ceases to be or is prohibited from being a Director by law or by virtue of any provision in the Articles of Association;

(vi) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) for the time being then in office; or

(vii) if he shall be removed from office by an ordinary resolution of the members of the Company under the Articles of Association.

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

Borrowing powers

The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

Proceedings of the Board

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit in any part of the world. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairperson of the meeting shall have a second or casting vote.

Alteration to constitutional documents

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

Variation of rights of existing shares or classes of shares

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Companies Act, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Articles of Association relating to general meetings shall mutatis mutandis apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorized representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

Alteration of capital

The Company may, from time to time, whether or not all the shares for the time being authorized shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

The Company may from time to time by ordinary resolution:

(a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

(b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so canceled subject to the provisions of the Companies Act; and

(c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Companies Act, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorized and subject to any conditions prescribed by the Companies Act.

Special resolution – majority required

A "special resolution" is defined in the Articles of Association to have the meaning ascribed thereto in the Companies Act, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an "ordinary resolution" is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

Voting rights

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy shall have one vote for each share registered in his name in the register of members of the Company.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto;

but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

A member of the Company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorized in such circumstances to do so and such person may vote by proxy.

Save as expressly provided in the Articles of Association or as otherwise determined by the Directors, no person other than a member of the Company duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member of the Company), or to be reckoned in a quorum, either personally or by proxy at any general meeting.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairperson of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

If a recognized clearing house (or its nominee(s)) is a member of the Company it may authorize such person or persons as it thinks fit to act as its proxy(ies) or representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognized clearing house (or its nominee(s)) which he represents as that recognized clearing house (or its nominee(s)) could exercise as if it were an individual member of the Company holding the number and class of shares specified in such authorization, including, where a show of hands is allowed, the right to vote individually on a show of hands.

Annual general meetings and extraordinary general meetings

The Company shall hold a general meeting as its annual general meeting each year, within a period of not more than 15 months after the holding of the last preceding annual general meeting (or such longer period as the Stock Exchange may authorize). The annual general meeting shall be specified as such in the notices calling it.

The board of Directors may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any one or more members holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the paid up capital of the Company which carry the right of voting at general meetings of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the

Company, specifying the objects of the meeting and signed by the requisitionist(s). If the Directors do not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to them by the Company.

Accounts and audit

The Directors shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Companies Act.

The Directors shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to inspection by members of the Company (other than officers of the Company) and no such member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the Companies Act or any other relevant law or regulation or as authorized by the Directors or by the Company in general meeting.

The Directors shall, commencing with the first annual general meeting, cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up and a Director's report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditor's report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of the Company at an annual general meeting shall not less than 21 days before the date of the meeting, be sent in the manner in which notices may be served by the Company as provided in the Articles of Association to every member of the Company and every holder of debentures of the Company provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

Auditors

The Company shall at every annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The removal of an auditor before the expiration of his period of office shall require the approval of an ordinary resolution of the members in general meeting. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Directors.

Notice of meetings and business to be conducted thereat

An annual general meeting shall be called by not less than 21 days' notice in writing and any extraordinary general meeting shall be called by not less than 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place and agenda of the meeting, particulars of the resolutions and the general nature of the business to be considered at the meeting. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the auditors and all members of the Company (other than those who, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company).

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

(a) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat or their proxies; and

(b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Directors, in their absolute discretion, consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place specified in the notice calling such meeting, it may change or postpone the meeting to another date, time and place.

The Directors also have the power to provide in every notice calling a general meeting that in the event of a gale warning or a black rainstorm warning is in force at any time on the day of the general meeting (unless such warning is canceled at least a minimum period of time prior to the general meeting as the Directors may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date. Where a general meeting is so postponed, the Company shall endeavor to cause a notice of such postponement to be placed on the Company's website and published on the Stock Exchange's website as soon as practicable, but failure to place or publish such notice shall not affect the automatic postponement of such meeting.

Where a general meeting is postponed:

(a) the Directors shall fix the date, time and place for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting; and such notice shall specify the date, time and place at which the postponed meeting will be reconvened and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and

(b) notice of the business to be transacted at the reconvened meeting shall not be required, nor shall any accompanying documents be required to be recirculated, provided that the business to be transacted at the reconvened meeting is the same as that set out in the notice of the original meeting circulated to the members of the Company.

Transfer of shares

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve which is consistent with the standard form of transfer as prescribed by the Stock Exchange.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof. All instruments of transfer shall be retained by the Company.

The Directors may refuse to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be canceled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;

the instrument of transfer is in respect of only one class of shares;

the instrument of transfer is properly stamped (in circumstances where stamping is required);

in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;

the shares concerned are free of any lien in favor of the Company; and

a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be suspended and the register of members of the Company closed at such times for such periods as the Directors may from time to time determine, provided that

the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Power of the Company to purchase its own shares

The Company is empowered by the Companies Act and the Articles of Association to purchase its own shares subject to certain restrictions and the Directors may only exercise this power on behalf of the Company subject to the authority of its members in general meeting as to the manner in which they do so and to any applicable requirements imposed from time to time by the Stock Exchange and the Securities and Futures Commission of Hong Kong. Shares which have been repurchased will be treated as canceled upon the repurchase.

Power of any subsidiary of the Company to own shares

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

Dividends and other methods of distribution

Subject to the Companies Act and the Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may also pay half-yearly or at other intervals to be selected by them any dividend which may be payable at a fixed rate if they are of the opinion that the profits available for distribution justify the payment.

The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may also deduct from any dividend or other monies payable to any member of the Company all sums of money (if any) presently payable by him to the Company on account of calls, installments or otherwise.

No dividend shall carry interest against the Company.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up

on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to a holder of shares may be paid by check or warrant sent through the post addressed to the registered address of the member of the Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of the Company in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every check or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register of members of the Company in respect of such shares, and shall be sent at his or their risk and the payment of any such check or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. The Company may cease sending such checks for dividend entitlements or dividend warrants by post if such checks or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending checks for dividend entitlements or dividend warrants after the first occasion on which such a check or warrant is returned undelivered. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Any dividend unclaimed for six years from the date of declaration of such dividend may be forfeited by the Directors and shall revert to the Company.

The Directors may, with the sanction of the members of the Company in general meeting, direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members of the Company upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of

him and a proxy so appointed shall have the same right as the member to speak at the meeting. A proxy need not be a member of the Company.

Instruments of proxy shall be in common form or in such other form as the Directors may from time to time approve provided that it shall enable a member to instruct his proxy to vote in favor of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorized in writing or if the appointor is a corporation either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.

The instrument appointing a proxy and (if required by the Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

Calls on shares and forfeiture of shares

The Directors may from time to time make calls upon the members of the Company in respect of any monies unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times and each member of the Company shall (subject to the Company serving upon him at least 14 days' notice specifying the time and place of payment and to whom such payment shall be made) pay to the person at the time and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one sum or by installments and shall be deemed to have been made at the time when the resolution of the Directors authorizing the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and installments due in respect of such share or other monies due in respect thereof.

If a sum called in respect of a share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 15% per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

If any call or installment of a call remains unpaid on any share after the day appointed for payment thereof, the Directors may at any time during such time as any part thereof remains unpaid serve a notice on the holder of such shares requiring payment of so much of the call or installment as is unpaid together with any interest which may be accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or installment is unpaid will be liable to be forfeited.

If the requirements of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or installments and interest due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture. A forfeited share shall be deemed to be the property of the Company and may be re-allotted, sold or otherwise disposed of.

A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of the shares, together with (if the Directors shall in their discretion so require) interest thereon at such rate not exceeding 15% per annum as the Directors may prescribe from the date of forfeiture until payment, and the Directors may enforce payment thereof without being under any obligation to make any allowance for the value of the shares forfeited, at the date of forfeiture.

Inspection of register of members

The register of members of the Company shall be kept in such manner as to show at all times the members of the Company for the time being and the shares respectively held by them. The register may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be closed at such times and for such periods as the Directors may from time to time determine either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Any register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Directors may impose) be open to inspection by any member of the Company without charge and by any other person on payment of a fee of such amount not exceeding the maximum amount as may from time to time be permitted under the Listing Rules as the Directors may determine for each inspection.

Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment, choice or election of a chairperson which shall not be treated as part of the business of the meeting.

Two members of the Company present in person or by proxy shall be a quorum provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy.

A corporation being a member of the Company shall be deemed for the purpose of the Articles of Association to be present in person if represented by its duly authorized representative being the person appointed by resolution of the directors or other governing body of such corporation or by power of attorney to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described above.

Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

Procedure on liquidation

If the Company shall be wound up, and the assets available for distribution amongst the members of the Company as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. If in a winding up the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members of the Company in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Companies Act, divide amongst the members of the Company in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he

deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like sanction and subject to the Companies Act, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all checks or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12 year period, the Company has caused an advertisement to be published in the newspapers or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

Introduction

The Companies Act is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Act and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Act, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

Incorporation

The Company was incorporated in the Cayman Islands with limited liability on January 10, 2019 under the Companies Act. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorized share capital.

Share Capital

The Companies Act permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the "share premium account". At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancelation of shares in any other company and issued at a premium. The Companies Act provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

(a) paying distributions or dividends to members;

(b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Act);

(d) writing-off the preliminary expenses of the company;

(e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and

(f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Act, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorized either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

Dividends and Distributions

With the exception of section 34 of the Companies Act, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account.

Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in Foss v. Harbottle (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

Disposal of Assets

The Companies Act contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must

discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

Accounting and Auditing Requirements

The Companies Act requires that a company shall cause to be kept proper books of account with respect to:

(a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;

(b) all sales and purchases of goods by the company; and

(c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

Inspection of Books and Records

Members of a company will have no general right under the Companies Act to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

Special Resolutions

The Companies Act provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorized by the articles of association of the company.

Subsidiary Owning Shares in Parent

The Companies Act does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such

acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

Mergers and Consolidations

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of each constituent company and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the

notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

Taxation

Pursuant to section 6 of the Tax Concessions Act (2018 Revision) of the Cayman Islands, the Company may obtain an undertaking from the Financial Secretary of the Cayman Islands:

that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and

in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:

on or in respect of the shares, debentures or other obligations of the Company; or

by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (2018 Revision).

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

General

Maples and Calder (Hong Kong) LLP, the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarizing aspects of Cayman Islands company law. This letter, together with a copy of the Companies Act, is available for inspection as referred to in the section headed "Documents available for inspection" in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company is an exempted company with limited liability incorporated in the Cayman Islands on January 10, 2019. Our registered office address is at P.O. Box 10008, Willow House, Cricket Square, Grand Cayman, KY1-1001, Cayman Islands. Accordingly, our Company's corporate structure and Memorandum and Articles are subject to the relevant laws of the Cayman Islands. A summary of our Memorandum and Articles is set out in the section headed "Summary of the Constitution of our Company and Cayman Islands Company Law" in Appendix III to this prospectus.

Our registered place of business in Hong Kong is at Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. We were registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on April 14, 2020 with the Registrar of Companies in Hong Kong. Ms. Chan Lok Yee has been appointed as the authorized representative of our Company for the acceptance of service of process in Hong Kong. The address for service of process in Hong Kong is at Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

2. Changes in the share capital of our Company

Our Company was incorporated in the Cayman Islands with limited liability on January 10, 2019. As of the date of our Company's incorporation, the authorized share capital of our Company was US$50,000 divided into 500,000,000 ordinary shares with a par value of US$0.0001 each.

Save as disclosed in the section headed "History, Development and Corporate Structure," there has been no alteration in the share capital of our Company since its incorporation.

3. Changes in the share capital of our subsidiaries

A summary of the corporate information and the particulars of our principal subsidiaries are set out in Note 1 to the Accountants' Report as set out in Appendix I to this prospectus.

On December 20, 2018, the registered capital of MP CardioFlow was increased from RMB12.8 million to RMB13.4 million. On December 2, 2019, the registered capital of MP CardioFlow was increased from RMB13.4 million to RMB283.4 million. On May 14, 2020, the registered capital of MP CardioFlow further increased to RMB840 million.

On January 10, 2019, Beijing Chenxue was established in the PRC with the registered capital of RMB8.19 million.

On June 8, 2020, Chengdu Xintuo was established in the PRC with the registered capital of RMB25.0 million.

Save as disclosed above, there has been no alteration in the registered capital of our subsidiaries that took place within two years preceding the date of this prospectus.

4. Resolutions of the Shareholders of our Company dated January 15, 2021

Written resolutions of the Shareholders of our Company were passed on January 15, 2021, pursuant to which, among others:

(a) each unissued and issued share in the share capital of our Company was subdivided into twenty shares of a par value of US$0.000005 each such that following such subdivision, the authorized share capital shall be US$50,000.00 divided into 10,000,000,000 shares of a par value of US$0.000005 each, of which: (i) 9,051,341,680 are designated as ordinary shares of a par value of US$0.000005 each, (ii) 484,247,660 are designated as Series B Preferred Shares of a par value of US$0.000005 each, (iii) 225,000,000 are designated as Series C Preferred Shares of a par value of US$0.000005 each; and (iv) 239,410,660 are designated as Series D Preferred Shares of a par value of US$0.000005 each;

(b) conditional on (1) the Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued as stated in this prospectus and such listing and permission not subsequently having been revoked prior to the commencement of dealing in the Shares on the Stock Exchange; (2) the Offer Price having been determined; (3) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements; and (4) the Underwriting Agreements having been duly executed by the Underwriters and our Company:

(i) the Global Offering was approved, and the proposed allotment and issue of the Offer Shares under the Global Offering were approved, and our Board was authorized to determine the Offer Price for, and to allot and issue the Offer Shares;

(ii) the Over-allotment Option was approved and our Directors were authorized to effect the same and to allot and issue up to 30,843,000 Shares upon the exercise of the Over-allotment Option;

(iii) conditional on the Global Offering becoming unconditional, a general mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with Shares or securities convertible into Shares and to make or grant offers, agreements or options (including any warrants, bonds, notes and debentures conferring any rights to subscribe for or otherwise receive Shares) which might require Shares to be allotted and issued or dealt with subject to the requirement that the aggregate nominal value of our Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, otherwise than by way of the Global Offering, rights issue or pursuant to the exercise of any subscription rights attaching to any warrants which may be allotted and issued by our Company from time to time or allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association on a specific authority granted by our Shareholders in a general meeting, shall not exceed the sum of (i) 20% of the aggregate nominal value of our Shares in issue immediately following the completion of the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option); and (ii) the

aggregate nominal amount of the share capital of our Company purchased by our Company pursuant to the authority granted to our Directors as referred to in (iv) below;

(iv) conditional on the Global Offering becoming unconditional, a general mandate (the "**Repurchase Mandate**") was given to our Directors to exercise all powers of our Company to repurchase its own Shares on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, in accordance with all applicable laws and the requirement of the Listing Rules such number of Shares as will represent up to 10% of the aggregate nominal value of our Shares in issue immediately following the completion of the Global Offering; and

(v) the general mandate as mentioned in paragraph (iii) above was extended by the addition to the aggregate nominal value of our Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of our Shares purchased by our Company pursuant to the mandate to purchase Shares referred to in paragraph (iv) above (up to 10% of the aggregate nominal value of our Shares in issue immediately following the completion of the Global Offering); and

(c) our Company conditionally approved and adopted the Memorandum and Articles of Association with effect from the Listing.

Each of the general mandates referred to in paragraphs (b)(iii), (b)(iv) and (b)(v) above will remain in effect until whichever is the earliest of:

- the conclusion of the next annual general meeting of our Company;
- the expiration of the period within which the next annual general meeting of our Company is required to be held by any applicable law or the Articles; or
- the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in a general meeting.

5. Repurchase of our own securities

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this prospectus concerning the repurchase of our own securities.

(a) ***Provision of the Listing Rules***

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(i) Shareholder's approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary

resolution of the shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our Shareholders on January 15, 2021, the Repurchase Mandate was given to our Directors authorizing them to exercise all powers of our Company to repurchase Shares on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, with a total nominal value up to 10% of the aggregate nominal value of our Shares in issue immediately following the completion of the Global Offering with such mandate to expire at the earliest of (i) the conclusion of the next annual general meeting of our Company (unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions), (ii) the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held, and (iii) the date on which it is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

(ii) Source of funds

Purchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles and the applicable laws and regulations of Hong Kong and the Cayman Islands. A listed company may not purchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. As a matter of Cayman law, any purchases by our Company may be made out of profits or out of the proceeds of a new issue of shares made for the purpose of the purchase or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Articles and subject to the Cayman Companies Act. Any premium payable on the purchase over the par value of the shares to be purchased must have been provided for out of profits or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Articles and subject to the Cayman Companies Act.

(iii) Trading restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue.

A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A listed company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) Status of repurchased Shares

The listing of all purchased securities (whether on the Stock Exchange or otherwise) is automatically canceled and the relative certificates must be canceled and destroyed. Under the laws of the Cayman Islands, unless, prior to the purchase the directors of our Company resolve to hold the shares purchased by our Company as treasury shares, shares purchased by our Company shall be treated as canceled and the amount of our Company's issued share capital shall be diminished by the nominal value of those shares. However, the purchase of shares will not be taken as reducing the amount of the authorized share capital under Cayman Islands laws.

(v) Suspension of repurchase

A listed company may not make any repurchase of securities after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following Business Day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

(vii) Core connected persons

The Listing Rules prohibit a company from knowingly purchasing securities on the Stock Exchange from a "core connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or a close associate of any of them (as defined in the Listing Rules) and a core connected person shall not knowingly sell his securities to the company.

(b) *Reasons for repurchases*

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have a general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) ***Funding of repurchases***

Repurchase of the Shares must be funded out of funds legally available for such purpose in accordance with the Articles of Association and the applicable laws of the Cayman Islands.

Our Directors may not repurchase the Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, our Directors may make repurchases out of profits of our Company out of the share premium account of our Company or out of the proceeds of a new issuance of shares made for the purpose of the repurchase or, if authorized by the Articles and subject to the Cayman Companies Act, out of capital and, in the case of any premium payable on the repurchase, out of profits of our Company or from sums standing to the credit of the share premium account of our Company or, if authorized by the Articles and subject to the Cayman Companies Act, out of capital.

However, our Directors do not propose to exercise the general mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or its gearing levels which, in the opinion of our Directors, are from time to time appropriate for our Company.

(d) ***General***

The exercise in full of the Repurchase Mandate, on the basis of 2,366,167,020 Shares in issue immediately following the completion of the Global Offering, excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any exercise of share options granted under the Share Option Scheme, could accordingly result in up to approximately 2,397,010,020 Shares being repurchased by our Company during the period prior to the earliest of:

- the conclusion of the next annual general meeting of our Company unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;
- the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held; or
- the date on which it is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws in the Cayman Islands.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any

consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be granted other than in exceptional circumstances.

No core connected person of our Company has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

(a) a restructuring framework agreement (重組框架協議) entered into among Shanghai MicroPort CardioFlow Medtech Co., Ltd. (上海微創心通醫療科技有限公司), Shanghai MicroPort Medical (Group) Co., Ltd. (上海微創醫療器械（集團）有限公司), Shanghai Chenxue Enterprise Management Consulting Center (Limited Partnership) (上海琛雪企業管理諮詢中心(有限合夥)), Huajie (Tianjin) Medical Investment Partnership (Limited Partnership) (華杰(天津)醫療投資合夥企業(有限合夥)), CICC Kangrui I (Ningbo) Equity Investment Limited Partners (Limited Partnership) (中金康瑞壹期(寧波)股權投資基金合夥企業(有限合夥)), Beijing Huatai Ruihe Healthcare Investment Fund llp (北京華泰瑞合醫療產業投資中心(有限合夥)), SDIC Chuanghe National Leading Fund of Emerging Industries VC (Limited Partnership) (國投創合國家新興產業創業投資引導基金(有限合夥)), Qianyi Investment I L.P., Shanghai MicroPort Limited, MicroPort CardioFlow Limited, MicroPort CardioFlow China Corp. Limited, Shanghai Huahao Enterprise Management Limited Partners (Limited Partnership) (上海鏵浩企業管理合夥企業(有限合夥)) and our Company on March 22, 2019;

(b) a share purchase agreement entered into among MicroPort CardioFlow Limited, MicroPort CardioFlow China Corp. Limited, Shanghai MicroPort CardioFlow Medtech Co., Ltd. (上海微創心通醫療科技有限公司), Shanghai MicroPort Limited, Shanghai Chenxue Investment Management Center (Limited Partnership) (上海琛雪投資管理中心 (有限合夥)), Shanghai Huahao Enterprise Management Limited Partners (Limited Partnership) (上海鏵浩企業管理合夥企業(有限合夥)), CICC Kangrui I (Ningbo) Equity Investment Limited Partners (Limited Partnership) (中金康瑞壹期(寧波)股權投資基金合夥企業(有限合夥)), Beijing Huatai Ruihe Healthcare Investment Fund llp (北京華泰瑞合醫療產業投資中心(有限合夥)), SDIC Chuanghe National Leading Fund of Emerging Industries VC (Limited Partnership) (國投創合國家新興產業創業投資引導基金(有限合夥)), Qianyi Investment I L.P. and our Company on March 22, 2019;

(c) a share transfer agreement (股權轉讓協議) entered into among Shanghai MicroPort Medical (Group) Co., Ltd. (上海微創醫療器械（集團）有限公司), Shanghai Chenxue Enterprise Management Consulting Center (Limited Partnership) (上海琛雪企業管理諮詢中心(有限合夥)) and MicroPort CardioFlow International Corp. Limited on April 24, 2019;

(d) an amendment to share purchase agreement entered into among MicroPort CardioFlow Limited, MicroPort CardioFlow International Corp. Limited, Shanghai MicroPort CardioFlow Medtech Co., Ltd. (上海微創心通醫療科技有限公司), Shanghai MicroPort Limited, Shanghai Chenxue Investment Management Center (Limited Partnership) (上海琛雪投資管理中心 (有限合夥)), Shanghai Huahao Enterprise Management Limited Partners (Limited Partnership) (上海鏵浩企業管理合夥企業(有限合夥)), CICC Kangrui I (Ningbo) Equity Investment Limited Partners (Limited Partnership) (中金康瑞壹期(寧波)股權投資基金合夥企業(有限合夥)), Beijing Huatai Ruihe Healthcare Investment Fund llp (北京華泰瑞合醫療產業投資中心(有限合夥)), SDIC Chuanghe National Leading Fund of Emerging Industries VC (Limited Partnership) (國投創合國家新興產業創業投資引導基金(有限合夥)), Qianyi Investment I L.P. and our Company on June 18, 2019;

(e) the second amendment to share purchase agreement entered into among MicroPort CardioFlow Limited, MicroPort CardioFlow International Corp. Limited, Shanghai MicroPort CardioFlow Medtech Co., Ltd. (上海微創心通醫療科技有限公司), Shanghai MicroPort Limited, Shanghai Chenxue Investment Management Center (Limited Partnership) (上海琛雪投資管理中心(有限合夥)), Shanghai Huahao Enterprise Management Limited Partners (Limited Partnership) (上海鏵浩企業管理合夥企業(有限合夥)), CICC Kangrui I (Ningbo) Equity Investment Limited Partners (Limited Partnership) (中金康瑞壹期(寧波)股權投資基金合夥企業(有限合夥)), Beijing Huatai Ruihe Healthcare Investment Fund llp (北京華泰瑞合醫療產業投資中心(有限合夥)), SDIC Chuanghe National Leading Fund of Emerging Industries VC (Limited Partnership) (國投創合國家新興產業創業投資引導基金(有限合夥)), Qianyi Investment I L.P. and our Company on October 29, 2019;

(f) a share subscription and purchase agreement entered into among MicroPort CardioFlow Limited, MicroPort CardioFlow International Corp. Limited, Shanghai MicroPort CardioFlow Medtech Co., Ltd. (上海微創心通醫療科技有限公司), Shanghai MicroPort Limited, CMP Cardio Investment Limited, AUT-XVI Holdings Limited, LBC Sunshine Healthcare Fund L.P., CRF Investment Holdings Company Limited, Gamnat Pte. Ltd., Gortune Artemis Limited, Happy Soul Limited, CDG Group Fund L.P. and our Company on April 15, 2020;

(g) the first amended and restated shareholders agreement entered into among MicroPort CardioFlow Limited, MicroPort CardioFlow International Corp. Limited, Shanghai MicroPort CardioFlow Medtech Co., Ltd. (上海微創心通醫療科技有限公司), Shanghai MicroPort Limited, Shanghai MicroPort Medical (Group) Co., Ltd. (上海微創醫療器械(集團)有限公司), CF Management Global Limited, Miracle Medical Limited, Stride and Strive Limited, Shanghai Huahao Enterprise Management Limited Partners (Limited Partnership) (上海鏵浩企業管理合夥企業(有限合夥)), CICC Kangrui I (Ningbo) Equity Investment Limited Partners (Limited Partnership) (中金康瑞壹期(寧波)股權投資基金合夥企業(有限合

夥)), Beijing Huatai Ruihe Healthcare Investment Fund llp (北京華泰瑞合醫療產業投資中心(有限合夥)), Jipintang Holding Co., Limited (集品堂控股有限公司), SDIC Chuanghe National Leading Fund of Emerging Industries VC (Limited Partnership) (國投創合國家新興產業創業投資引導基金(有限合夥)), Qianyi Investment I L.P., Haitong International Innovation Fund SPC (for and on behalf of Innovation Fund VII SP), CMP Cardio Investment Limited, AUT-XVI Holdings Limited, LBC Sunshine Healthcare Fund L.P., CRF Investment Holdings Company Limited, Gamnat Pte. Ltd., Gortune Artemis Limited, Happy Soul Limited, CDG Group Fund L.P. and our Company on April 29, 2020;

(h) a cornerstone investment agreement dated January 22, 2021 entered into among our Company, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, J.P. Morgan Securities plc, Citigroup Global Markets Asia Limited (花旗環球金融亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司) and CPE Greater China Enterprises Growth Fund pursuant to which CPE Greater China Enterprises Growth Fund agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$20,000,000;

(i) a cornerstone investment agreement dated January 22, 2021 entered into among our Company, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, J.P. Morgan Securities plc, Citigroup Global Markets Asia Limited (花旗環球金融亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司), GAOLING FUND, L.P. and YHG INVESTMENT, L.P. pursuant to which GAOLING FUND, L.P. and YHG INVESTMENT, L.P. agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$15,000,000;

(j) a cornerstone investment agreement dated January 22, 2021 entered into among our Company, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, J.P. Morgan Securities plc, Citigroup Global Markets Asia Limited (花旗環球金融亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司) and LAKE BLEU PRIME HEALTHCARE MASTER FUND LIMITED pursuant to which LAKE BLEU PRIME HEALTHCARE MASTER FUND LIMITED agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$10,000,000;

(k) a cornerstone investment agreement dated January 22, 2021 entered into among our Company, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, J.P. Morgan Securities plc, Citigroup Global Markets Asia Limited (花旗環球金融亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司) and GIC Private Limited pursuant to which GIC Private Limited agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$10,000,000;

(l) a cornerstone investment agreement dated January 22, 2021 entered into among our Company, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, J.P. Morgan Securities plc, Citigroup Global Markets Asia Limited (花旗環球金

融亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司) and Taikang Life Insurance Co., Ltd (泰康人壽保險有限責任公司) pursuant to which Taikang Life Insurance Co., Ltd (泰康人壽保險有限責任公司) agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$10,000,000;

(m) a cornerstone investment agreement dated January 22, 2021 entered into among our Company, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, J.P. Morgan Securities plc, Citigroup Global Markets Asia Limited (花旗環球金融亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司), SNOW LAKE CHINA MASTER FUND, LTD. and SNOW LAKE CHINA MASTER LONG FUND, LTD. pursuant to which SNOW LAKE CHINA MASTER FUND, LTD. and SNOW LAKE CHINA MASTER LONG FUND, LTD. agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$10,000,000;

(n) a cornerstone investment agreement dated January 22, 2021 entered into among our Company, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, J.P. Morgan Securities plc, Citigroup Global Markets Asia Limited (花旗環球金融亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司) and Yi Fang Da Brocade Inv. Limited pursuant to which Yi Fang Da Brocade Inv. Limited agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$5,000,000;

(o) a cornerstone investment agreement dated January 22, 2021 entered into among our Company, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, J.P. Morgan Securities plc, Citigroup Global Markets Asia Limited (花旗環球金融亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司) and CDG Group Fund L.P. pursuant to which CDG Group Fund L.P. agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$5,000,000;

(p) a cornerstone investment agreement dated January 22, 2021 entered into among our Company, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, J.P. Morgan Securities plc, Citigroup Global Markets Asia Limited (花旗環球金融亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司), Indus Pacific Opportunities Master Fund, Ltd., Indus China Master Fund, Ltd., Indus Select Master Fund, Ltd., Cambridge University Endowment Fund and Vitruvius SICAV-Asian Equity pursuant to which Indus Pacific Opportunities Master Fund, Ltd., Indus China Master Fund, Ltd., Indus Select Master Fund, Ltd., Cambridge University Endowment Fund and Vitruvius SICAV-Asian Equity agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$5,000,000;

(q) a cornerstone investment agreement dated January 22, 2021 entered into among our Company, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, J.P. Morgan Securities plc, Citigroup Global Markets Asia Limited (花旗環球金融亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited

(中國國際金融香港證券有限公司) and Woodline Master Fund LP pursuant to which Woodline Master Fund LP agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$5,000,000;

(r) a cornerstone investment agreement dated January 22, 2021 entered into among our Company, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, J.P. Morgan Securities plc, Citigroup Global Markets Asia Limited (花旗環球金融亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司) and 3W Fund Management Limited pursuant to which 3W Fund Management Limited agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$5,000,000;

(s) a cornerstone investment agreement dated January 22, 2021 entered into among our Company, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, J.P. Morgan Securities plc, Citigroup Global Markets Asia Limited (花旗環球金融亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司) and TYBOURNE CAPITAL MANAGEMENT (HK) LIMITED (for itself and as agent and/or fiduciary for Tybourne Equity Master Fund and Tybourne Long Opportunities Master Fund) pursuant to which TYBOURNE CAPITAL MANAGEMENT (HK) LIMITED (for itself and as agent and/or fiduciary for Tybourne Equity Master Fund and Tybourne Long Opportunities Master Fund) agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$5,000,000;

(t) a cornerstone investment agreement dated January 22, 2021 entered into among our Company, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, J.P. Morgan Securities plc, Citigroup Global Markets Asia Limited (花旗環球金融亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司) and WT ASSET MANAGEMENT LIMITED (as investment manager for and on behalf of each of WT China Fund Limited and WT China Focus Fund) pursuant to which WT ASSET MANAGEMENT LIMITED (as investment manager for and on behalf of each of WT China Fund Limited and WT China Focus Fund) agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$5,000,000;

(u) a cornerstone investment agreement dated January 21, 2021 entered into among our Company, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, J.P. Morgan Securities plc, Citigroup Global Markets Asia Limited (花旗環球金融亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司) and China Asset Management Co., Ltd. (華夏基金管理有限公司) (acting for and on behalf of CHINA CONSTRUCTION BANK - CHINA AMC BEST SELECTION EQ FUND - HONGKONG (華夏全球精選股票型證券投資基金), BOC-CHINAAMC MOBILE INTERNET DYNAMIC ALLOCATION HYBRID FUND (華夏移動互聯靈活配置混合型證券投資基金 (QDII)), ICBC LTD CHINA AMC NEB SEC INV FUND (華夏新時代靈活配置混合型證券投資基金 (QDII)) and CCB-CHINA AMC GREATER CHINA ENTERPRISE SELECT HYBRID FUND (華夏大中華企業精選靈活配置混合型證券投資基金 (QDII))) pursuant to which China Asset Management Co., Ltd.

(華夏基金管理有限公司) (acting for and on behalf of CHINA CONSTRUCTION BANK - CHINA AMC BEST SELECTION EQ FUND - HONGKONG (華夏全球精選股票型證券投資基金), BOC-CHINAAMC MOBILE INTERNET DYNAMIC ALLOCATION HYBRID FUND (華夏移動互聯靈活配置混合型證券投資基金 (QDII)), ICBC LTD CHINA AMC NEB SEC INV FUND (華夏新時代靈活配置混合型證券投資基金 (QDII)) and CCB-CHINA AMC GREATER CHINA ENTERPRISE SELECT HYBRID FUND (華夏大中華企業精選靈活配置混合型證券投資基金 (QDII))) agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$5,000,000;

(v) a cornerstone investment agreement dated January 22, 2021 entered into among our Company, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, J.P. Morgan Securities plc, Citigroup Global Markets Asia Limited (花旗環球金融亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司) and Pinpoint Asset Management Limited pursuant to which Pinpoint Asset Management Limited agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$5,000,000;

(w) a cornerstone investment agreement dated January 22, 2021 entered into among our Company, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, J.P. Morgan Securities plc, Citigroup Global Markets Asia Limited (花旗環球金融亞洲有限公司), China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司) and Kunlun Group Limited pursuant to which Kunlun Group Limited agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$5,000,000; and

(x) the Hong Kong Underwriting Agreement.

2. Intellectual property rights

(a) *Trademarks*

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of Registration	Registration Number	Registered Owner	Registration Date
1		EU	010813848	MP CardioFlow	September 15, 2012
2		PRC	10787504	MP CardioFlow	August 7, 2014
3	VitaFlow	EU	014523468	MP CardioFlow	January 21, 2016
4	VitaFlow	PRC	17863778	MP CardioFlow	October 21, 2016
5	VitaFlow	Japan	1376364	MP CardioFlow	October 4, 2017
6	VitaFlow	Peru	256340	MP CardioFlow	October 13, 2017
7	VitaFlow	Taiwan, China	01897941	MP CardioFlow	February 16, 2018
8	VitaFlow	Korea	1376364	MP CardioFlow	November 13, 2018
9	VitaFlow	Russia	706615	MP CardioFlow	April 3, 2019

No.	Trademark	Place of Registration	Registration Number	Registered Owner	Registration Date
10	VitaFlow	Colombia	1376364	MP CardioFlow	October 4, 2017
11	CardioHalo	PRC	17863776	MP CardioFlow	October 21, 2016
12	FireFlow	PRC	17863775	MP CardioFlow	October 21, 2016
13	UniFlow	PRC	17863777	MP CardioFlow	October 21, 2016
14	UNICONE	PRC	37383819	MP CardioFlow	November 21, 2019
15	敖顺	PRC	39598532	MP CardioFlow	March 21, 2020
16	Alwide	PRC	39594470	MP CardioFlow	March 21, 2020
17	敖广	PRC	39575249	MP CardioFlow	March 14, 2020
18	Alhold	PRC	39591842	MP CardioFlow	March 21, 2020
19	Alpass	PRC	39581968	MP CardioFlow	March 21, 2020
20	敖钦	PRC	39581944	MP CardioFlow	March 21, 2020
21	MicroPort CardioFlow	EU	014975551	MP CardioFlow	May 3, 2016
22	VitaFlow	Argentina	2985333	MP CardioFlow	May 7, 2019
23	VitaFlow	Mexico	1376364	MP CardioFlow	October 4, 2017
24	VitaFlow	India	1376364	MP CardioFlow	October 4, 2017
25	VitaFlow	Turkey	1376364	MP CardioFlow	October 4, 2017
26	VitaFlow	Kazakhstan	1376364	MP CardioFlow	October 4, 2017
27	VitaFlow	Kyrgyzstan	1376364	MP CardioFlow	October 4, 2017
28	VitaFlow	Australia	1376364	MP CardioFlow	October 4, 2017
29	MicroPort 心通医疗	Hong Kong	305197014	MP CardioFlow	February 21, 2020
30	MicroPort 心通医疗	Hong Kong	305197005	MP CardioFlow	February 21, 2020
31	MicroPort 心通医疗	Hong Kong	305196998	MP CardioFlow	February 21, 2020

As of the Latest Practicable Date, we had applied for the registration of the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of Application	Application Number	Applicant	Application Date
1	VitaFlow	Madrid	1376364	MP CardioFlow	May 9, 2017
2	VitaFlow	U.S.	1376364	MP CardioFlow	May 9, 2017
3	VitaFlow	Pakistan	467264	MP CardioFlow	August 24, 2017
4	VitaFlow	Brazil	913306614	MP CardioFlow	August 30, 2017
5	VitaFlow	Indonesia	D002017041921	MP CardioFlow	August 31, 2017
6	VitaFlow	Canada	1855402	MP CardioFlow	August 31, 2017
7	VitaFlow	Malaysia	2017066942	MP CardioFlow	September 5, 2017
8	VitaFlow	Thailand	170134273	MP CardioFlow	September 27, 2017
9	VitaFlow	Chili	1326519	MP CardioFlow	June 11, 2019
10	VitaFlow	Iran	139850140001054163	MP CardioFlow	September 1, 2019
11	VITAL-X	PRC	46828973	MP CardioFlow	June 1, 2020
12	Alwide	Argentina	3880407	MP CardioFlow	March 11, 2020
13	Alwide	Madrid	1534893	MP CardioFlow	March 6, 2020
14	Alwide	Russia	1534893	MP CardioFlow	March 6, 2020
15	Alwide	Thailand	1534893	MP CardioFlow	March 6, 2020
16	Alwide	Brazil	1534893	MP CardioFlow	March 6, 2020
17	Alwide	India	1534893	MP CardioFlow	March 6, 2020
18	Alwide	Mexico	1534893	MP CardioFlow	March 6, 2020
19	Alwide	EU	1534893	MP CardioFlow	March 6, 2020
20	Alwide	Korea	1534893	MP CardioFlow	March 6, 2020
21	Alwide	Turkey	1534893	MP CardioFlow	March 6, 2020
22	Alwide	Iran	1534893	MP CardioFlow	March 6, 2020
23	Alwide	Malaysia	1534893	MP CardioFlow	March 6, 2020
24	Alwide	Indonesia	1534893	MP CardioFlow	March 6, 2020

As of the Latest Practicable Date, we had been granted by MicroPort the rights to use the following registered trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of Application	Registration Number	Licensee	License period
1		PRC	18561648	MP CardioFlow	January 21, 2017 to January 20, 2027
2		PRC	1362015	MP CardioFlow	February 7, 2020 to February 6, 2030
3		PRC	18561647	MP CardioFlow	January 21, 2017 to January 20, 2027
4		PRC	13981362	MP CardioFlow	January 1, 2017 to October 13, 2025
5		PRC	13246289	MP CardioFlow	December 31, 2015 to June 6, 2025

(b) ***Patents***

As of the Latest Practicable Date, we owned the following registered patents which we consider to be or may be material to our business:

No.	Type	Patent	Place of Registration	Registration Number	Registered Owner	Application Date
1	Invention	A delivery device	PRC	201010105587.4	MP CardioFlow	February 4, 2010
2	Invention	A heart valve delivery system and delivery device	PRC	201010184020.0	MP CardioFlow	May 25, 2010
3	Invention	Membrane pervaporation method and device for fixing artificial biological valve	PRC	201110332309.7	MP CardioFlow	October 27, 2011
4	Invention	A preparation method of edge-rigidized artificial biological valve	PRC	201110339534.3	MP CardioFlow	November 1, 2011
5	Invention	A decellularization method for preparing extracellular matrix scaffold material	PRC	201210237911.7	MP CardioFlow	July 10, 2012
6	Invention	Implant delivery system	PRC	201210356246.3	MP CardioFlow	September 21, 2012
7	Invention	Inner tube assembly for implant delivery system	PRC	201510489321.7	MP CardioFlow	September 21, 2012
8	Invention	Heart valve prosthesis	PRC	201310064011.1	MP CardioFlow	February 25, 2013
9	Invention	Electric handle for implant delivery and delivery system	PRC	201310202016.6	MP CardioFlow	May 27, 2013

No.	Type	Patent	Place of Registration	Registration Number	Registered Owner	Application Date
10	Invention	A device and method for loading the implant into the delivery system	PRC	201310534075.3	MP CardioFlow	October 31, 2013
11	Invention	A guide cover for loading implant to delivery system and loading system	PRC	201610889886.9	MP CardioFlow	October 31, 2013
12	Invention	Implant loading outer catheter and implant delivery system	PRC	201310580969.6	MP CardioFlow	November 18, 2013
13	Invention	Driving handle for conveying implant and conveying system	PRC	201510213801.0	MP CardioFlow	April 29, 2015
14	Invention	Implant loading device	PRC	201510443707.4	MP CardioFlow	July 24, 2015
15	Invention	A preparation method of dry animal-derived collagen fiber tissue material and biological prosthesis	PRC	201510232587.3	MP CardioFlow	May 8, 2015
16	Invention	Invasive cardiac valve	U.S.	13519930	MP CardioFlow	December 30, 2010
17	Invention	Invasive cardiac valve	Japan	2012546343	MP CardioFlow	December 30, 2010
18	Invention	Method and device for fixing artificial bioprosthetic valve by membrane pervaporation	Europe	11874705.4	MP CardioFlow	December 15, 2011
19	Invention	Method and device for fixing artificial bioprosthetic valve by membrane pervaporation	Australia	2011379710	MP CardioFlow	December 15, 2011
20	Invention	Method for preparing edge-rigidized artificial biological valve	Brazil	1120140106681	MP CardioFlow	December 14, 2011
21	Invention	Method for preparing edge-rigidized artificial biological valve	Australia	2011380375	MP CardioFlow	December 14, 2011
22	Invention	Method for preparing edge-rigidized artificial biological valve	Europe	11875085.0	MP CardioFlow	December 14, 2011
23	Invention	Device and method for loading implant into delivery system	Japan	2016550926	MP CardioFlow	October 31, 2014
24	Invention	Decellularization method for preparing extracellular matrix support material	Europe	13817500.5	MP CardioFlow	July 8, 2013

No.	Type	Patent	Place of Registration	Registration Number	Registered Owner	Application Date
25	Invention	Decellularization method for preparing extracellular matrix support material	Australia	2013289661	MP CardioFlow	July 8, 2013
26	Invention	Implant delivery system	U.S.	14430139	MP CardioFlow	September 22, 2013
27	Invention	Implant delivery system	Europe	13838923.4	MP CardioFlow	September 22, 2013
28	Invention	Electric handle for implant delivery and delivery system	U.S.	14894270	MP CardioFlow	May 26, 2014
29	Invention	Device and method for loading implant into delivery system	U.S.	15032456	MP CardioFlow	October 31, 2014
30	Invention	Implant capsule and implant delivery system	U.S.	15036902	MP CardioFlow	November 14, 2014
31	Invention	Implant capsule and implant delivery system	Korea	1020167016244	MP CardioFlow	November 14, 2014
32	Invention	Implant capsule and implant delivery system	Japan	2016531036	MP CardioFlow	November 14, 2014
33	Invention	Device and method for loading implant into delivery system	Europe	14857026.0	MP CardioFlow	October 31, 2014
34	Invention	Device and method for loading implant into delivery system	Korea	1020167014429	MP CardioFlow	October 31, 2014
35	Invention	Driving handle for conveying implant, and conveying system	Japan	2017555216	MP CardioFlow	April 27, 2016
36	Invention	Driving handle for conveying implant, and conveying system	Korea	1020177032965	MP CardioFlow	April 27, 2016
37	Invention	Dry animal-derived collagen fiber tissue material and preparation method and bioprosthesis thereof	Japan	2017557385	MP CardioFlow	May 4, 2016
38	Invention	Dry animal-derived collagen fiber tissue material and preparation method and bioprosthesis thereof	U.S.	15571953	MP CardioFlow	May 4, 2016
39	Invention	Dry animal-derived collagen fiber tissue material and preparation method and bioprosthesis thereof	Korea	1020177033714	MP CardioFlow	May 4, 2016

No.	Type	Patent	Place of Registration	Registration Number	Registered Owner	Application Date
40	Invention	Method and device for fixing artificial bioprosthetic valve by membrane pervaporation	Brazil	1120140099740	MP CardioFlow	December 15, 2011
41	Invention	Driving handle for delivering implant, and delivery system	U.S.	15568240	MP CardioFlow	April 27, 2016
42	Invention	Implant delivery apparatus	Japan	2019521045	MP CardioFlow	September 22, 2017
43	Invention	Implant delivery apparatus	Europe	17862538.0	MP CardioFlow	September 22, 2017

As of the Latest Practicable Date, we had applied for the registration of the following patents which we consider to be or may be material to our business:

No	Type	Patent	Place of Registration	Application Number	Applicant	Application Date
1	Invention	Implant delivery device	PRC	201610916660.3	MP CardioFlow	October 20, 2016
2	Invention	Prosthesis heart valve	PRC	201611238574.8	MP CardioFlow	December 28, 2016
3	Invention	Mitral valve prosthesis, tricuspid valve prosthesis and stent	PRC	201710434531.5	MP CardioFlow	June 9, 2017
4	Invention	Delivery apparatus for self-expandable prosthesis and delivery apparatus for self-expandable heart valve prosthesis	PRC	201710743343.0	MP CardioFlow	August 25, 2017
5	Invention	A valve stent and valve prosthesis	PRC	201710829301.9	MP CardioFlow	September 14, 2017
6	Invention	Valve stent, valve prosthesis, and delivery device	PRC	201711148589.X	MP CardioFlow	November 17, 2017
7	Invention	Heart valve prosthesis and its stent	PRC	201711467178.7	MP CardioFlow	December 28, 2017
8	Invention	Heart valve prosthesis and delivery device thereof	PRC	201810103244.0	MP CardioFlow	February 1, 2018
9	Invention	A loading device for implant	PRC	201810241334.6	MP CardioFlow	March 22, 2018
10	Invention	Implant delivery catheter and implant delivery system	PRC	201810590164.2	MP CardioFlow	June 8, 2018
11	Invention	Implant loading device	PRC	201810904782.X	MP CardioFlow	August 9, 2018

No	Type	Patent	Place of Registration	Application Number	Applicant	Application Date
12	Invention	A heart valve prosthesis	PRC	201810955003.9	MP CardioFlow	August 21, 2018
13	Invention	Delivery device	PRC	201811014867.7	MP CardioFlow	August 31, 2018
14	Invention	A valve stent and prosthetic heart valve	PRC	201811181564.4	MP CardioFlow	October 11, 2018
15	Invention	A heart valve stent and its prosthesis	PRC	201811205699.X	MP CardioFlow	October 17, 2018
16	Invention	Balloon dilatation catheter, balloon and its preparation method	PRC	201811317928.7	MP CardioFlow	November 5, 2018
17	Invention	Drive handle and delivery system for delivering implants	PRC	201811408443.9	MP CardioFlow	November 23, 2018
18	Invention	A delivery catheter and delivery device for artificial valve	PRC	201811611144.5	MP CardioFlow	December 27, 2018
19	Invention	A delivery catheter and delivery device for artificial valve	PRC	201811612802.2	MP CardioFlow	December 27, 2018
20	Invention	Loading tool for implant and medical device	PRC	201811653500.X	MP CardioFlow	December 28, 2018
21	Invention	Stent conveying device and stent loading method	PRC	201811642855.9	MP CardioFlow	December 29, 2018
22	Invention	A prosthetic heart valve	PRC	201910045807.X	MP CardioFlow	January 17, 2019
23	Invention	Implant loading tool, compression device and loading system	PRC	201910069078.1	MP CardioFlow	January 24, 2019
24	Invention	A heart valve stent and heart valve prosthesis	PRC	201910223986.1	MP CardioFlow	March 22, 2019
25	Invention	Driving handle and delivery system for delivering implants	PRC	201910272202.4	MP CardioFlow	April 4, 2019
26	Invention	An artificial heart valve leaflet and heart valve prosthesis	PRC	201910611275.1	MP CardioFlow	July 8, 2019
27	Invention	Delivery device for medical implant	PRC	201910829483.9	MP CardioFlow	September 3, 2019
28	Invention	A heart valve stent and its prosthesis	PRC	201910970095.2	MP CardioFlow	October 12, 2019

No	Type	Patent	Place of Registration	Application Number	Applicant	Application Date
29	Invention	A implant delivery device and inner tube assembly and catheter thereof	PRC	201911348433.5	MP CardioFlow	December 24, 2019
30	Invention	Balloon dilatation catheter and balloon dilatation catheter assembly	PRC	202010266608.4	MP CardioFlow	April 7, 2020
31	Invention	Expandable catheter and expandable sheath	PRC	202010367031.6	MP CardioFlow	April 30, 2020
32	Invention	Dilation balloon and balloon dilatation catheter	PRC	202010408663.2	MP CardioFlow	May 14, 2020
33	Invention	Implant delivery device	PRC	202010888615.8	MP CardioFlow	August 28, 2020
34	Invention	Implant loading tool and medical device	PRC	202010912005.7	MP CardioFlow	September 2, 2020
35	Invention	Cardiac valve delivery catheter and delivery system	PRC	201710682415.5	MP CardioFlow	August 10, 2017
36	Invention	Invasive cardiac valve	Europe	10840590.3	MP CardioFlow	December 30, 2010
37	Invention	Method and device for fixing artificial bioprosthetic valve by membrane pervaporation	India	900KOLNP2014	MP CardioFlow	December 15, 2011
38	Invention	Heart valve prosthesis	Europe	14754475.3	MP CardioFlow	February 25, 2014
39	Invention	Device and method for loading implant into delivery system	Brazil	1120160094867	MP CardioFlow	October 31, 2014
40	Invention	Implant capsule and implant delivery system	Europe	14862047.9	MP CardioFlow	November 14, 2014
41	Invention	Implant capsule and implant delivery system	Brazil	1120160108582	MP CardioFlow	November 14, 2014
42	Invention	Driving handle for delivering implant, and delivery system	Europe	16785926.3	MP CardioFlow	April 27, 2016
43	Invention	Method for preparing edge-rigidized artificial biological valve	India	3683CHENP2014	MP CardioFlow	December 14, 2011

No	Type	Patent	Place of Registration	Application Number	Applicant	Application Date
44	Invention	Valve stent and valve prosthesis	U.S.	16647153	MP CardioFlow	August 17, 2018
45	Invention	Delivery apparatus for self-expandable prosthesis and delivery apparatus for self-expandable heart valve prosthesis	Europe	18849207.8	MP CardioFlow	August 1, 2018
46	Invention	Valve stent and valve prosthesis	Japan	2020515152	MP CardioFlow	August 17, 2018
47	Invention	Valve stent and valve prosthesis	Europe	18856271.4	MP CardioFlow	August 17, 2018
48	Invention	Valve stent, valve prosthesis, and delivery device	Europe	18877449.1	MP CardioFlow	November 6, 2018
49	Invention	Cardiac valve prosthesis and stent thereof	U.S.	16958518	MP CardioFlow	November 23, 2018
50	Invention	Cardiac valve prosthesis and stent thereof	Europe	18897523.9	MP CardioFlow	November 23, 2018
51	Invention	Cardiac valve prosthesis and delivery device thereof	U.S.	16966008	MP CardioFlow	January 11, 2019
52	Invention	Cardiac valve prosthesis and delivery device thereof	Europe	19747473.7	MP CardioFlow	January 11, 2019
53	Invention	Dry animal-derived collagen fiber tissue material and preparation method and bioprothesis thereof	Brazil	1120170237326	MP CardioFlow	May 4, 2016
54	Invention	Dry animal-derived collagen fiber tissue material and preparation method and bioprothesis thereof	Europe	16792109.7	MP CardioFlow	May 4, 2016
55	Invention	Driving handle for delivering implant, and delivery system	Brazil	1120170232243	MP CardioFlow	April 27, 2016
56	Invention	Guide cap and loading system for loading implant into delivery system	U.S.	16127895	MP CardioFlow	September 11, 2018

No	Type	Patent	Place of Registration	Application Number	Applicant	Application Date
57	Invention	Implant delivery apparatus	U.S.	16343562	MP CardioFlow	September 22, 2017
58	Invention	Implant delivery apparatus	Korea	1020197014517	MP CardioFlow	September 22, 2017
59	Invention	Valve prosthesis	U.S.	16474490	MP CardioFlow	September 28, 2017
60	Invention	Valve prosthesis	Japan	2019535373	MP CardioFlow	September 28, 2017
61	Invention	Valve prosthesis	Europe	17888410.2	MP CardioFlow	September 28, 2017
62	Invention	Valve prosthesis	Korea	1020197021589	MP CardioFlow	September 28, 2017
63	Invention	Valve prosthesis	India	201917029711	MP CardioFlow	September 28, 2017
64	Invention	Implant loading device	PCT	PCTCN2019099518	MP CardioFlow	August 6, 2019
65	Invention	A valve stent and prosthetic heart valve	PCT	PCTCN2019110538	MP CardioFlow	October 11, 2019
66	Invention	A heart valve stent and thereof prosthesis	PCT	PCTCN2019111230	MP CardioFlow	October 15, 2019
67	Invention	Balloon dilatation catheter, balloon and preparation method	PCT	PCTCN2019115699	MP CardioFlow	November 5, 2019
68	Invention	Driving handle and delivery system used for delivering implant	PCT	PCTCN2019118486	MP CardioFlow	November 14, 2019
69	Invention	Bicuspid valve prosthesis, tricuspid valve prosthesis, and stent thereof	U.S.	16619626	MP CardioFlow	June 7, 2018
70	Invention	Bicuspid valve prosthesis, tricuspid valve prosthesis, and stent thereof	Japan	2019567717	MP CardioFlow	June 7, 2018
71	Invention	Bicuspid valve prosthesis, tricuspid valve prosthesis, and stent thereof	Europe	18812866.4	MP CardioFlow	June 7, 2018
72	Invention	Implant loading apparatus	U.S.	17040060	MP CardioFlow	January 11, 2019
73	Invention	Implant loading apparatus	Japan	2020551319	MP CardioFlow	January 11, 2019

No	Type	Patent	Place of Registration	Application Number	Applicant	Application Date
74	Invention	Stent conveying device and stent loading method	PCT	PCTCN2019126696	MP CardioFlow	December 19, 2019
75	Invention	Delivery catheter and delivery device for artificial valve	PCT	PCTCN2019127067	MP CardioFlow	December 20, 2019
76	Invention	Delivery catheter and delivery device for artificial valve	PCT	PCTCN2019127046	MP CardioFlow	December 20, 2019
77	Invention	Implant loading tool and medical device	PCT	PCTCN2019127986	MP CardioFlow	December 24, 2019
78	Invention	Bicuspid valve prosthesis, tricuspid valve prosthesis and stent thereof	Korea	1020197038346	MP CardioFlow	June 7, 2018
79	Invention	Implant loading tool, compression device and loading system	PCT	PCTCN2020072134	MP CardioFlow	January 15, 2020
80	Invention	Heart valve stent and prosthesis thereof	PCT	PCTCN2020080529	MP CardioFlow	March 21, 2020
81	Invention	Drive handle and delivery system for delivering implants	PCT	PCTCN2020081997	MP CardioFlow	March 30, 2020
82	Invention	An artificial heart valve leaflet and heart valve prosthesis	PCT	PCTCN2020100712	MP CardioFlow	July 7, 2020
83	Invention	Delivery device for medical implant	PCT	PCTCN2020110893	MP CardioFlow	August 24, 2020
84	Invention	Heart valve stent and prosthesis thereof	PCT	PCTCN2020118028	MP CardioFlow	September 27, 2020
85	Invention	Heart valve prosthesis	PCT	PCTCN2019098177	MP CardioFlow	July 29, 2019
86	Invention	Implant conveying device, Inner tube assembly and catheter	PCT	PCTCN2020127488	MP CardioFlow	November 9, 2020
87	Invention	Implant delivery tube fitting and implant delivery system	U.S.	17059978	MP CardioFlow	May 31, 2019
88	Invention	Implant delivery tube fitting and implant delivery system	Europe	19814900.7	MP CardioFlow	May 31, 2019
89	Invention	Implant loading apparatus	Europe	19770259.0	MP CardioFlow	January 11, 2019

No	Type	Patent	Place of Registration	Application Number	Applicant	Application Date
90	Invention	Valve stent and valve prosthesis	PRC	202011272857.0	MP CardioFlow	November 13, 2020
91	Invention	Valve stent and valve prosthesis	PRC	202011272850.9	MP CardioFlow	November 13, 2020
92	Invention	Stent conveying system assembly and artificial valve conveying system assembly	PRC	202011452773.5	MP CardioFlow	December 11, 2020
93	Invention	Artificial heart valve prosthesis	PRC	202011459644.9	MP CardioFlow	December 11, 2020
94	Invention	Delivery device	U.S.	17257139	MP CardioFlow	August 30, 2019
95	Invention	Delivery device	Europe	19853341.6	MP CardioFlow	August 30, 2019
96	Invention	Treatment of biological prosthetic tissues and biological prosthetic heart valves	PRC	202011573018.2	MP CardioFlow	December 23, 2020
97	Invention	Dilating balloon and balloon dilation catheter	PRC	202011611933.6	MP CardioFlow	December 30, 2020
98	Invention	Dilating balloon and balloon dilation catheter	PRC	202011611923.2	MP CardioFlow	December 30, 2020
99	Invention	Heart valve prosthesis	PRC	202011611922.8	MP CardioFlow	December 30, 2020
100	Invention	Delivery device	India	202017057518	MP CardioFlow	August 30, 2019

(c) ***Domain names***

As of the Latest Practicable Date, we owned the following domain name which we consider to be or may be material to our business:

No.	Domain name	Registered Owner	Expiry Date
1	cardioflowmedtech.com	MP CardioFlow	December 3, 2029
2	cardioflowmedtech.cn	MP CardioFlow	December 3, 2029

Save as aforesaid, as of the Latest Practicable Date, there were no other intellectual property rights which we consider to be or may be material to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS

1. Particulars of Directors' service contracts and appointment letters

(a) ***Executive Directors***

Each of our executive Directors has entered into a service contract with our Company on January 15, 2021. The initial term of their respective service contract shall commence from the date of his/her appointment as a Director and continue for a period of three years after or until the third annual general meeting of our Company since the Listing Date, whichever is earlier, and shall be automatically renewed for successive periods of three years (subject always to re-election as and when required under the Articles), until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other not less than three months' prior notice in writing.

(b) ***Non-executive Directors and Independent non-executive Directors***

Each of our non-executive Directors and independent non-executive Directors has entered into an appointment letter with our Company on January 15, 2021. The initial term for their appointment letters shall commence from the date of his/her appointment as a Director and continue for a period of three years after or until the third annual general meeting of our Company since the Listing Date, whichever is earlier, and shall be automatically renewed for successive periods of three years (subject always to re-election as and when required under the Articles), until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than three months' prior notice in writing.

2. Remuneration of Directors

Remuneration and benefits in kind of approximately RMB4.2 million, RMB4.3 million and RMB15.6 million in aggregate were paid and granted by our Group to our Directors in respect of the years ended December 31, 2018, 2019 and seven months ended July 31, 2020.

Under the arrangements currently in force, our Directors will be entitled to receive remuneration and benefits in kind which, for the year ended December 31, 2020, is expected to be approximately RMB19.7 million in aggregate (excluding discretionary bonus).

3. Disclosure of interests

(a) ***Interests and Short Positions of Our Directors and the Chief Executive of Our Company in the Share Capital of our Company and Its Associated Corporations Following Completion of the Global Offering***

Immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised, the share options granted under the Share Option Scheme are not exercised and each Preferred Share will be converted to one Share upon the Global Offering becoming unconditional), the interests or short positions of our Directors and chief executives in the Shares, underlying shares and debentures of our Company and its associated corporations, within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/ she is taken or deemed

to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

(i) Long positions in the underlying Shares of our Company

Name of Director	Nature of interest	Number of underlying Shares in respect of the options granted under the Share Option Scheme	Approximate percentage of interest in our Company after completion of Global Offering (assuming Over-allotment is not exercised)	Approximate percentage of interest in our Company after completion of Global Offering (assuming Over-allotment is fully exercised)
Dr. Luo Qiyi	Beneficial owner	6,000,000	0.25%	0.25%
Mr. Chen Guoming	Beneficial owner	5,000,000	0.21%	0.21%
Ms. Yan Luying	Beneficial owner	4,000,000	0.17%	0.17%
Mr. Wu Guojia	Beneficial owner	4,000,000	0.17%	0.17%

(ii) Long positions in the shares and underlying shares of our associated corporations

Name of Directors	Name of associated corporation	Nature of interest	Percentage of shareholding in the associated corporation
Mr. Zhang Junjie	MicroPort	Interest of controlled corporation(1)	5.32%
Dr. Luo Qiyi	MicroPort	Beneficial owner(2)	0.50%
	MicroPort MedBot (Shanghai) Co., Ltd. (微創（上海）醫療機器人有限公司)(3)	Interest in a controlled corporation(4)	1.20%
Mr. Chen Guoming	MicroPort	Beneficial owner(5)	0.01%
Ms. Yan Luying	MicroPort	Beneficial owner(6)	0.01%
Mr. Jonathan H. Chou	MicroPort	Beneficial owner(7)	0.06%

Notes:

(1) As of the Latest Practicable Date, Mr. Zhang Junjie held 100% interests in East Mega Limited. East Mega Limited held 50% voting management shares of Starwick Investments Limited. East Image Limited was interested in 92.96% non-voting participating shares issued by Starwick Investments Limited. Starwick Investments Limited held 96,179,874 shares in long position of MicroPort. Therefore, Mr. Zhang Junjie was deemed to be interested in the shares of MicroPort under the SFO.

(2) As of the Latest Practicable Date, Dr. Luo Qiyi was interested in (i) 5,499,801 underlying shares of MicroPort by virtue of the options granted to him under the share option scheme of the MicroPort; and (ii) 3,523,743 shares of MicroPort.

(3) As of the Latest Practicable Date, MicroPort MedBot (Shanghai) Co., Ltd. was held approximately 53.8% by Shanghai Latent Artificial Intelligence Co., Ltd. (上海默化人工智能科技有限公司), a wholly owned subsidiary of MicroPort, and therefore an associated corporation of the Company under the SFO.

(4) As of the Latest Practicable Date, MicroPort MedBot (Shanghai) Co., Ltd. was held approximately 1.5% by Shanghai Qingyin Enterprise Management Consulting Center (Limited Partnership) (上海擎銀企業管理諮詢中心(有限合夥)), which was held approximately 78.3% by FW JVL Limited. The entire share capital of FW JVL Limited was wholly owned by Dr. Luo Qiyi. Therefore, Dr. Luo Qiyi was deemed to be interested in the shares of MicroPort MedBot (Shanghai) Co., Ltd. under the SFO.

(5) As of the Latest Practicable Date, Mr. Chen Guoming was interested in 110,000 underlying shares of MicroPort by virtue of the options granted to him under the share option scheme of the MicroPort.

(6) As of the Latest Practicable Date, Ms. Yan Luying was interested in (i) 170,000 underlying shares of MicroPort by virtue of the options granted to her under the share option scheme of the MicroPort; and (ii) 800 shares of MicroPort.

(7) As of the Latest Practicable Date, Mr. Jonathan H. Chou was interested in 1,000,000 underlying shares of MicroPort by virtue of the options granted to him under the share option scheme of MicroPort.

(b) ***Interests and Short Positions Discloseable under Divisions 2 and 3 of Part XV of the SFO***

For information on the persons who will, immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised, the share options granted under the Share Option Scheme are not exercised and each Preferred Share will be converted to one Share upon the Global Offering becoming unconditional), having or be deemed or taken to have beneficial interests or short position in our Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the issued voting shares of any other member of our Company, see "Substantial Shareholders" of this prospectus.

Save as disclosed in the section headed "Substantial Shareholders" in this prospectus, our Directors were not aware of any persons who would, immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised, the share options granted under the Share Option Scheme are not exercised and each Preferred Share will be converted to one Share upon the Global Offering becoming unconditional), having or be deemed or taken to the beneficial interests or short position in our Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the issued voting shares of any member of our Group or had option in respect of such capital.

4. Disclaimers

Save as disclosed in this prospectus:

(a) there are no existing or proposed service contracts (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)) between our Directors and any member of our Group;

(b) none of our Directors or the experts named in the paragraph headed "— E. Other Information — 4. Qualifications and consents of experts" in this Appendix has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(c) save as disclosed in this prospectus or in connection with the Underwriting Agreements, none of our Directors nor any of the experts named in the paragraph headed "— E. Other Information — 4. Qualifications and consents of experts" in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group as a whole;

(d) taking no account of any Shares which may be taken up under the Global Offering, so far as is known to any Director or chief executive of our Company, no other person (other than a Director or chief executive of our Company) will, immediately following completion of the Global Offering, have interests or short positions in the Shares and underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or (not being a member of our Group), be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group;

(e) none of our Directors or chief executive of our Company has any interests or short positions in the Shares, underlying shares or debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or will be required, pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers, to be notified to our Company and the Stock Exchange once the Shares are listed thereon;

(f) save in connection with the Underwriting Agreements, none of the experts named in the paragraph headed "E. Other Information – 4. Qualifications and consents of experts" in this Appendix: (i) is interested legally or beneficially in any of our Shares or any shares in any of our subsidiaries; or (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and

(g) none of our Directors or their respective close associates or any Shareholders of our Company (who to the knowledge of out Directors owns more than 5% of the number of our issued shares) has any interest in out five largest suppliers or our five largest customers.

D. SHARE OPTION SCHEME

1. Principle terms

The following is a summary of the principal terms of the Share Option Scheme of our Company as approved and adopted by ordinary resolution of the shareholders of MicroPort ("**MicroPort Shareholders**") in the extraordinary general meeting of MicroPort dated March 13, 2020. ("**Adoption Date**"). The terms of the Share Option Scheme will be governed by Chapter 17 of the Listing Rules.

(a) ***Purpose***

The purpose of the Share Option Scheme is to provide incentive or reward to eligible persons for their contribution to, and continuing efforts to promote the interests of, our Group and for such other purposes as our Board may approve from time to time.

(b) ***Who may join***

Eligible persons include:

(i) any employee (whether full-time or part-time) of our Group;

(ii) any director (including executive, non-executive and independent non-executive directors) of our Group; and

(iii) any director (including executive, non-executive and independent non-executive directors) or employee (whether full-time or part-time) of MicroPort who, in the sole and absolute direction of our Board, has contributed or will contribute to the development of our Group.

The basis of eligibility of any of the above classes of eligible persons to the grant of any options shall be determined by our Board from time to time on the basis of their contribution to the development and growth of our Group.

(c) ***Duration of the Share Option Scheme***

The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further options shall be granted. Subject to the above, in all other respects, in particular, in respect of options remaining outstanding on the expiry of the 10-year period referred to in this paragraph, the provisions of the Share Option Scheme shall remain in full force and effect.

(d) ***Maximum number of Shares***

At the time of adoption of the Share Option Scheme or any new Share Option Scheme (the "**New Scheme**"), the aggregate number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme, the New Scheme and all schemes existing at such time (the "**Existing Scheme(s)**") of our Group must not in aggregate exceed 5% of the total number of Shares in issue as of the date of adoption of the Share Option Scheme or the New Scheme (as the case may be) (the "**Scheme Mandate Limit**"). For the purposes of calculating the Scheme Mandate Limit, the Shares which are the subject matter of any options that have already lapsed in accordance with the terms of the relevant Existing Scheme(s) shall not be counted. The Scheme Mandate Limit may be refreshed by both ordinary resolution of the MicorPort Shareholders and special resolution of our Shareholders of our Company in their respective general meeting, provided that:

(i) the Scheme Mandate Limit so refreshed shall not exceed 5% of the total number of Shares in issue as of the date of the MicroPort Shareholders' approval or the date of the Shareholders' approval, whichever is later, of the refreshing of the Scheme Mandate Limit;

(ii) options previously granted under any Existing Scheme(s) (including options outstanding, canceled, or lapsed in accordance with the relevant scheme rules or exercised options) shall not be counted for the purpose of calculating the limit as refreshed; and

(iii) a circular regarding the proposed refreshing of the Scheme Mandate Limit has been despatched to the MicroPort Shareholders and Shareholders (if applicable) in a manner complying with, and containing the matters specified in, the relevant provisions of

Chapter 17 of the Listing Rules in force from time to time. In accordance with the current Listing Rules, the circular must contain the information which comply with the relevant provisions of Chapter 17 of the Listing Rules in force from time to time.

Our Company may seek separate approvals from the MicroPort Shareholders and our Shareholders in their respective general meeting for granting options which will result in the Scheme Mandate Limit being exceeded, provided that:

(i) the grant is to eligible persons specifically identified by our Company before the approval is sought; and

(ii) a circular regarding the grant has been despatched to the MicroPort Shareholders and our Shareholders (if applicable) in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules in force from time to time. In accordance with the current Listing Rules, the circular must contain a generic description of the specified participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose, and other information required to comply with the relevant provisions of Chapter 17 of the Listing Rules in force from time to time.

Notwithstanding the foregoing, the maximum aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company, must not, in aggregate, exceed 30% of the total number of Shares in issue from time to time. No options may be granted under the Share Option Scheme and any other share option schemes of our Company if this will result in such limit being exceeded.

(e) ***Maximum entitlement of each eligible person***

No option shall be granted to any eligible person (the "**Relevant Eligible Person**") if, at the relevant time of grant, the number of Shares issued and to be issued upon exercise of all options (granted and proposed to be granted, whether exercised, canceled or outstanding) to the Relevant Eligible Person in the 12-month period up to and including the date of such grant would exceed 1% of the total number of Shares in issue at such time, unless:

(i) such grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules in force from time to time, by ordinary resolutions of MicroPort Shareholders and Shareholders (if applicable) in their respective general meeting, at which the Relevant Eligible Person and his/her close associates (or his/her associates if the Relevant Eligible Person is a connected person of our Company) abstained from voting;

(ii) a circular regarding the grant has been despatched to MicroPort Shareholders and our Shareholders (if applicable) in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules in force from time to time. In accordance with the current Listing Rules, the circular must disclose the identity of the participant, the number and terms of the options to be granted (and options

previously granted to such participant), and other information required to comply with the relevant provisions of Chapter 17 of the Listing Rules in force from time to time; and

(iii) the number and terms (including the subscription price) of such options are fixed before the general meeting of MicroPort and our Company (if applicable) at which the same are approved.

(f) ***Grant of Options***

Each offer of an option (the "**Offer**") shall be in writing made to an eligible person by letter in such form as our Board may from time to time determine at its discretion (the "**Offer Letter**"). The Offer Letter shall state, among others, the period during which the option may be exercised (the "**Option Period**"), which period is to be determined and notified by our Board but shall expire in any event not later than the last day of the 10-year period after the date of grant of the option. Our Board may specify in the Offer Letter any conditions which must be satisfied before the option may be exercised, including without limitation such performance targets (if any) and minimum periods for which an option must be held before it can be exercised and any other terms in relation to the exercise of the option, including without limitation such percentages of the options that can be exercised during a certain period of time, as our Board may determine from time to time.

Our Board shall specify in the Offer Letter a date by which the grantee must accept the Offer, being a date no later than 28 days after the date on which the option is offered or the date on which the conditions for the offer are satisfied, whichever is earlier.

(g) ***Subscription price***

Subject to the effect of alterations to share capital as set out in paragraph (s), the price at which each Share subject to an option may be subscribed for on the exercise of that option shall be a price determined by our Board in its sole and absolute discretion and notified to an eligible person. The subscription price shall be subject to further alteration in accordance with relevant requirements under note (2) to Rule 17.03(9) of the Listing Rules, pursuant to which, the exercise price of any options granted after the listing of our Company on the Stock Exchange or any other stock exchange on which our Company is listed must not be lower than the new issue price. In particular, the exercise price of any options granted during the period commencing six months before the lodgment of form A1 (or its equivalent for listing on GEM or other stock exchanges) by our Company on the Main Board of the Stock Exchange up to the Listing Date of our Company shall be not lower than the new issue price of the listing.

(h) ***Grant of options to connected persons***

Where an option is to be granted to a Director, chief executive officer or substantial shareholder of our Company, or any of their respective associates (as defined in the Listing Rules), the grant shall not be valid unless it has been approved by the independent non-executive Directors, excluding any independent non-executive Director who is also a proposed grantee of the option.

Where an option is to be granted to a substantial shareholder or an independent non-executive director of MicroPort or any of their respective associates, and the grant will, in the 12-month period up to and including the date of such grant, result in the number and value of the Shares issued and to

be issued upon exercise of all options (granted and proposed to be granted, whether exercised, canceled or outstanding) to the relevant eligible person (i) exceeding 0.1% of the total number of Shares in issue at the relevant time of grant, or (ii) if applicable, having an aggregate value in excess of HK$5 million or such other sum as may be from time to time provided under the Listing Rules, based on the official closing price of the Shares at the date of each grant, such grant shall not be valid unless:

(i) a circular containing the details of the grant has been despatched to the MicroPort Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules in force from time to time. In accordance with the current Listing Rules, the circular must contain (a) details of the number and terms of the options (including the subscription price and other information required under Rules 17.03(5) to 17.03(10)) to be granted to each participant, which must be fixed before the shareholders' meeting, and the date of board meeting for proposing such further grant is to be taken as the date of grant for the purpose of calculating the subscription price; (b) a recommendation from the independent non-executive directors of MicroPort (excluding independent non-executive director who is also a proposed grantee of the options) to the independent shareholders as to voting; (c) the information required under Rules 17.02(2)(c) and (d) and the disclaimer required under Rule 17.02(4); and (d) the information required under Rule 2.17; and

(ii) the grant has been approved by the MicroPort Shareholders in general meeting (taken on a poll), at which the proposed grantee, his/her associate, and all core connected persons (as defined in the Listing Rules) of MicroPort abstained from voting in favor.

Our Company will comply with the applicable legal and regulatory requirements of the stock exchange on which it is listed in relation to grant of options to connected persons.

(i) ***Ranking of Shares***

The Shares to be allotted and issued upon the exercise of an option shall be subject to the Articles and the laws of the Cayman Islands for the time being in force and shall rank pari passu in all respects with other fully-paid Shares in issue as of the date of allotment and will entitle the holders to the same rights of the holders of other fully-paid Shares in issue, including voting, dividend, transfer and any other rights. In particular, the Shares to be allotted and issued upon the exercise of an option will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the Record Date therefor shall be on or before the date of allotment and issue. The option itself (before exercise) will not entitle the grantee to any of aforementioned Shareholder's rights.

(j) ***Restrictions on the time of grant of options***

No Offer shall be made after any inside information (as defined in the Listing Rules) of MicroPort has come to the knowledge of our Company, until such information has been announced by MicroPort pursuant to the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the meeting of the board

of directors of MicroPort (as such is first notified by MicroPort to the Stock Exchange in accordance with the Listing Rules) for the approval of the MicorPort's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for MicroPort to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the date of actual publication of the result announcement, no option may be granted. The period during which no option may be granted will cover any period of delay in the publication of results announcement.

(k) ***Rights on ceasing to be an eligible person***

(i) Where the grantee is a Director or an employee of our Group and his/her employment ceases for any reason other than death or becoming permanently disabled as described in paragraph (iii) below, the option may not be exercised after the date of such cessation, which date shall be his/her last actual working day with our Group whether salary is paid in lieu of notice or not;

(ii) where the grantee is a Director or an employee of our Group and our Board at its absolute discretion determines that he/she is unable to pay or to have no reasonable prospect of being able to pay his/her debts, or has become insolvent, or has made any arrangements or composition with his/her creditors generally or on which he/she has been convicted of any criminal offense involving his/her integrity or honesty, the option granted to such grantee may not be exercised on or after the date on which our Board has so determined;

(iii) where the grantee of an outstanding option dies or becomes permanently disabled before exercising the option in full or at all, the option may not be exercised after the date of his/her death or permanent disability. However, if our Board, upon receiving the written notice from such grantee's personal representatives within 60 days after the date of such grantee's death or permanent disability, issues a written consent to his/her personal representatives, the option may be transferred to the personal representative as soon as practicable. For the avoidance of doubt, all vesting conditions previously imposed on such option shall still apply; and

(iv) if our Board at its absolute discretion determines that the grantee (other than an employee of our Group) or his/her associate has committed any breach of any contract entered into between the grantee or his/her associate on one part and our Group on the other part or that the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his/her creditors generally, the option granted to such grantee may not be exercised on or after the date on which our Board has so determined.

(l) ***Rights on general offer***

If a general offer (whether by way of a take-over, share repurchase offer, scheme of arrangement or otherwise in like manner) is made to all our Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer, having been approved in accordance with applicable laws and

regulatory requirements, becomes or is declared unconditional, all the grantees and any grantee (or his/her personal representatives) may by notice in writing to our Company within 21 days after such offer becoming or being declared unconditional exercise the option to its full extent or to the extent specified in such notice.

(m) ***Rights on compromise or other arrangement***

If a compromise or arrangement between our Company and our Shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies, our Company shall give notice thereof to the grantee (together with a notice of the existence of the provisions of this paragraph) on the same date or soon after it despatches the notice to each member or creditor of our Company summoning the meeting to consider such a compromise or arrangement, and thereupon the grantee (or his/her personal representatives) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of 2 months thereafter and the date on which such compromise or arrangement is sanctioned by the court of competent jurisdiction, exercise any of his/her options in full or in part, but the aforesaid exercise of an option shall be conditional upon such compromise or arrangement being sanctioned by the court of competent jurisdiction and becoming effective. Upon such compromise or arrangement becoming effective, all outstanding options shall lapse except insofar as previously exercised under the Share Option Scheme. Our Company may require the grantee (or his/her personal representatives) to transfer or otherwise deal with the Shares issued as a result of the exercise of options in these circumstances so as to place the grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.

(n) ***Rights on winding-up***

In the event a notice is given by our Company to our Shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company other than for the purposes of a reconstruction, amalgamation or scheme of arrangement, our Company shall on the same date as or soon after it despatches such notice to each member of our Company give notice thereof to all grantees (together with a notice of the existence of the provisions of this paragraph) and thereupon, each grantee (or his/her personal representatives) shall be entitled to exercise all or any of his/her options at any time no later than four Business Days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than one Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid.

(o) ***Lapse of option***

The right to exercise an option (to the extent not already exercised) shall terminate immediately upon the earliest of:

(i) the expiry of the Option Period;

(ii) the date referred to in paragraph (k)(i);

(iii) the date referred to in paragraph (k) (ii);

(iv) the expiry of the 60-day period referred to in paragraph (k) (iii);

(v) the date referred to in paragraph (k) (iv);

(vi) the expiry of the period referred to in paragraphs (l);

(vii) subject to the compromise or arrangement becoming effective, the expiry of the period referred to in paragraph (m);

(viii) subject to paragraph (n), the date of the commencement of the winding-up of our Company; or

(ix) the non-fulfillment of any condition to the Share Option Scheme on or before the date stated therein.

Our Company shall owe no liability to any grantee for the lapse of any option under this paragraph.

(p) ***Cancelation of options***

Our Board may cancel an option granted but not exercised with the approval of the grantee of such option. For the avoidance of doubt, such approval is not required in the event any option is canceled pursuant to paragraph (r) below.

No options may be granted to an eligible person in place of his/her canceled options unless there are available unissued options (excluding the canceled options) within the Scheme Mandate Limit from time to time.

(q) ***Termination of the Share Option Scheme***

Our Company, by a special resolution of our Shareholders pursuant to the Articles, may at any time terminate the operation of the Share Option Scheme and in such event no further option will be offered but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects and options granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme. MicroPort does not have the discretion to terminate the operation of the Share Option Scheme.

(r) ***Transferability of options***

An option shall be personal to the grantee and shall not be assignable nor transferable, and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any option. Any breach of the foregoing shall entitle our Board to cancel any outstanding options or any part thereof granted to such grantee.

(s) ***Effect of alterations to share capital***

In the event of any alteration to the capital structure of our Company whilst any option remains exercisable, arising from capitalization issue, rights issue, consolidation, subdivision or reduction of

the share capital of our Company in accordance with the legal requirements or requirements of the Stock Exchange, other than any alteration in the capital structure of our Company as a result of an issue of Shares as consideration in a transaction to which our Company and/or MicroPort is a party, adjustment (if any) shall be made to:

(i) the number of Shares subject to the option so far as unexercised; and/ or

(ii) the subscription price for the Shares subject to the option so far as unexercised; and/or

(iii) any combination thereof.

As of the date of this prospectus, there are no such unexercised adjustments as described in this paragraph.

In the event of any adjustment as described in this paragraph, the auditors of our Company (the "**Auditors**") or the independent financial adviser to our Company (acting as expert not arbitrator) shall at the request of our Company certify in writing to our Board either generally or as regards any particular grantee that the adjustments are in compliance with the requirements under the note to Rules 17.03(13) of the Listing Rules. Our Company will comply with the applicable legal and regulatory requirements of the Stock Exchange in relation to such adjustment.

Any such adjustments must give a grantee the same proportion of the equity capital of our Company as to which that grantee was previously entitled, and any adjustments so made shall be in compliance with the Listing Rules and such applicable guidance and/or interpretation of the Listing Rules from time to time issued by the Stock Exchange (including, without limitation, the "Supplemental Guidance on Main Board Listing Rule 17.03(13) and the Notice immediately after the Rule" attached to the letter of the Stock Exchange dated September 5, 2005 to all issuers relating to share option scheme) but no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. The subscription price for the Shares subject to the option as adjusted pursuant to the adjustments as described in this paragraph shall be in compliance with Rule 17.03(9) of the Listing Rules and other applicable guidance and/or interpretation of the Listing Rules from time to time issued by the Stock Exchange. The capacity of the Auditors or the independent financial adviser to our Company in this paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on our Company and the grantees. The costs of the Auditors or the independent financial adviser to our Company shall be borne by our Company. Notice of such adjustment shall be given to the grantees by our Company.

(t) ***Alteration of the Share Option Scheme***

The Share Option Scheme may be altered in any respect with the prior approval of our Shareholders in general meeting in accordance with the Articles except that the provisions of the Share Option Scheme as to:

(i) the definitions of "eligible Person" and "grantee"; and

(ii) the provisions relating to the matters set out in Rule 17.03 of the Listing Rules, shall not be altered to the advantage of grantees except with the prior approvals of the MicroPort Shareholders and Shareholders in general meeting (with participants and their respective associates abstaining from voting).

Any change to the authority of our Board in relation to any alterations to the terms of the Share Option Scheme must be approved by both our Shareholders and the MicorPort Shareholders in their respective general meeting.

Any alterations to the provisions of the Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by both our Shareholders and the MicroPort Shareholders in their respective general meeting except where the alterations take effect automatically under the existing provisions of the Share Option Scheme.

The amended terms of the Share Option Scheme or the Options must comply with Chapter 17 of the Listing Rules.

2. Outstanding Options

As of the Latest Practicable Date, the aggregate number of underlying Shares pursuant to the outstanding share options granted under the Share Option Scheme is 71,908,940 (as adjusted after the Share Subdivision). Immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised and the share options granted under the Share Option Scheme are not exercised), the aggregate number of Shares underlying all outstanding share options granted represents approximately 3.04% of the issued Shares immediately following the completion of the Global Offering.

Assuming full exercise of the outstanding options under the Share Option Scheme, the shareholding of our Shareholders immediately following the Global Offering will be diluted by approximately 2.95% if calculated on 2,366,167,020 Shares, representing the outstanding Shares in issue immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised and no shares are issued pursuant to the Share Option Scheme).

The consequent impact on the earnings per ordinary share for the years ended December 31, 2018 and 2019 and the seven months ended July 31, 2020 is nil, nil and nil respectively, being the incremental impact to diluted earnings per share, since the options would not be included in the calculation of diluted earnings per share due to anti-dilution.

As of the Latest Practicable Date, our Company had conditionally granted share options to 168 participants under the Share Option Scheme, including our Directors, a director of MicroPort and members of our senior management. All of the share options under the Share Option Scheme were granted on March 31, 2020. Our Company will grant further share options under the Share Option Scheme after the Listing. The table below shows the details of share options granted to our Directors, a director of MicroPort and members of our senior management under the Share Option Scheme that are outstanding as of the date of this prospectus. As of the date of this prospectus, no share options had been granted to other connected persons under the Share Option Scheme.

Name	Address	Position	Exercise price (US$)	Number of Shares underlying the outstanding options	Date of grant	Exercise period	Approximate percentage of equity interest in our Company underlying the outstanding options upon the Global Offering[1]
Directors and senior management of our Company							
Dr. Luo Qiyi	No. 17, Lane 333, Qing Tong Road, Pudong New Area, Shanghai, PRC	Non-executive Director and Chairman of our Board	0.16	6,000,000	March 31, 2020	10 years from grant date	0.25%
Mr. Chen Guoming	Lane 2955 Langu Road Pudong New Area Shanghai, PRC	Executive Director and President	0.16	5,000,000	March 31, 2020	10 years from grant date	0.21%
Ms. Yan Luying	No.8 Xibinhe Road, Dongcheng District Beijing, PRC	Executive Director and Vice President	0.16	4,000,000	March 31, 2020	10 years from grant date	0.17%
Mr. Wu Guojia	No. 2, Lane 99 Yiminhe Road Hongkou District Shanghai, PRC	Executive Director and Vice President	0.16	4,000,000	March 31, 2020	10 years from grant date	0.17%
Subtotal:				**19,000,000**			**0.80%**
Director of MicroPort							
Dr. Chang Zhaohua	Room 2702, No. 32, Lane 99, Puming Road, Pudong New Area, Shanghai, PRC	Chairman and Chief Executive Officer	0.16	6,000,000	March 31, 2020	10 years from grant date	0.25%

Name	Address	Position	Exercise price (US$)	Number of Shares underlying the outstanding options	Date of grant	Exercise period	Approximate percentage of equity interest in our Company underlying the outstanding options upon the Global Offering[1]
Other grantees who have been granted options to subscribe for 1,000,000 Shares or more							
Mr. Fu Xiaokang	Room 901, Building 15, Dongzhimen Hujiayuan, Dongcheng District, Beijing	Senior Director of Supply Chain Department	0.16	2,400,000	March 31, 2020	10 years from grant date	0.10%
Ms. Zhuang Yaping	Room 302, No. 1, Lane 201, Guilin West Street, Xuhui District, Shanghai	Senior Director of Quality Department	0.16	2,300,000	March 31, 2020	10 years from grant date	0.10%
Ms. Li Xiangmei	No. 44, Lane 2238, Zhangyang Road, Pudong New Area, Shanghai	Joint Company Secretary and Board Secretary	0.16	1,500,000	March 31, 2020	10 years from grant date	0.06%
Ms. Ni Nuan	No. 368, Lane 8888, Zhongchun Road, Minhang District, Shanghai	Director of Finance	0.16	1,500,000	March 31, 2020	10 years from grant date	0.06%
Ms. Gui Baozhu	No.134, Lane 4501, Yanggao South Road, Pudong New Area, Shanghai	R&D Director	0.16	1,214,140	March 31, 2020	10 years from grant date	0.05%
Ms. Bi Jie	Building 11, No. 10 Taipingzhuang, Chunxiu Road, Chaoyang District, Beijing	Domestic Clinical Director	0.16	1,145,200	March 31, 2020	10 years from grant date	0.05%
Subtotal:				**10,059,340**			**0.43%**
Total:				**35,059,340**			**1.48%**

The table below shows the details of share options granted to individuals, other than the grantees as set out in the table above, under the Share Option Scheme that are outstanding as of the Latest Practicable Date.

Range of Shares underlying the outstanding options	Total number of grantees	Total number of Shares underlying the outstanding options	Exercise price (US$)	Date of grant	Exercise period	Approximate percentage of equity interest in our Company underlying the outstanding options upon the Global Offering[1]
1 to 199,999	90	8,857,220	0.16	March 31, 2020	10 years from grant date	0.37%
200,000 to 599,999	57	20,663,080	0.16	March 31, 2020	10 years from grant date	0.87%
600,000 to 999,999	10	7,329,300	0.16	March 31, 2020	10 years from grant date	0.31%

Note:

1 Based on the assumption that all Preferred Shares will be converted into Shares on a 1:1 basis on the Listing Date and that the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon the exercise of share options under the Share Option Scheme.

3. Waiver and exemption

Our Company has applied for and has been granted (i) a waiver from the Stock Exchange from strict compliance with the disclosure requirements under Rule 17.02(1)(b) and paragraph 27 of Appendix IA to the Listing Rules; and (ii) an exemption from the SFC from strict compliance with the disclosure requirements of paragraph 10(d) of Part I of the Third Schedule to the Companies Ordinance. See "Waivers and Exemptions from Compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance" for details.

E. OTHER INFORMATION

1. Estate duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

As of the Latest Practicable Date, our Directors were not aware of any litigation, arbitration proceedings or claim of material importance is pending or threatened against any member of our Group that could have a material adverse effect on our financial condition or results of operations.

3. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Listing Committee for the listing of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the Global Offering (including the additional Shares which may fall to be issued pursuant to exercise of the Over-allotment Option (if any)). All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

Each of the Joint Sponsors will be paid by our Company a fee of USD 500,000 to act as a sponsor to our Company in connection with the Listing.

4. Qualifications and consents of experts

The following experts have each given and have not withdrawn their respective written consents to the issue of this prospectus with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

Name	Qualification
J.P. Morgan Securities (Far East) Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) of the regulated activities under the SFO
Citigroup Global Markets Asia Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) of the regulated activities under the SFO
China International Capital Corporation Hong Kong Securities Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) of the regulated activities under the SFO
Commerce & Finance Law Offices	Legal advisers as to PRC law
Maples and Calder (Hong Kong) LLP	Legal advisers as to Cayman Islands laws
KPMG	Certified public accountants and Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant

Save as disclosed in this prospectus, as of the Latest Practicable Date, none of the experts named above had any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

5. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

6. No material and adverse change

Our Directors believe that, save as disclosed in this prospectus, there has been no material or adverse change in the financial or trading or prospects of our Group since July 31, 2020 (being the date to which the latest audited consolidated financial statements of our Group were prepared).

7. Bilingual document

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

8. Preliminary expenses

We have not incurred any material preliminary expenses in relation to the incorporation of our Company.

9. Promoters

We have no promoter for the purpose of the Listing Rules. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

10. Disclaimers

(a) Save as disclosed in this prospectus:

(i) within the two years immediately preceding the date of this prospectus, neither we nor any of our subsidiaries has issued or agreed to issue any share or loan capital fully or partly paid up either for cash or for a consideration other than cash;

(ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) within the two years immediately preceding the date of this prospectus, no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of our Group;

(iv) within the two years immediately preceding the date of this prospectus, no commission has been paid or payable to any persons for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of our Company or any of our subsidiaries;

(v) no founder, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;

(vi) our Company has no outstanding convertible debt securities or debentures;

(vii) there is no arrangement under which future dividends are waived or agreed to be waived or is agreed conditionally or unconditionally to be put under option; and

(viii) there has not been any interruption in the business of our Company which may have or have had a material and adverse effect on the financial position of our Company in the 12 months immediately preceding the date of this prospectus.

(b) The principal register of members of our Company will be maintained by our Principal Share Registrar, Tricor Services (Cayman Islands) Limited, in the Cayman Islands and our Hong Kong branch register of members will be maintained by our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Hong Kong Share Registrar and may not be lodged in the Cayman Islands.

(c) No company within our Group is presently listed on any stock exchange or traded on any trading system and no listing or permission to deal is being or is proposed to be sought.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

(a) copies of **WHITE**, **YELLOW, GREEN** and **BLUE** Application Forms;

(b) the written consents referred to in "Statutory and General Information—E. Other Information—4. Qualifications and Consents of Experts" in Appendix IV to this prospectus; and

(c) a copy of each of the material contracts referred to in "Statutory and General Information—B. Further Information about Our Business—1. Summary of Material Contracts" in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at our Company's principal place of business in Hong Kong at Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum and the Articles;

(b) the Accountants' Report and the report on the unaudited pro forma financial information of our Group prepared by KPMG, the texts of which are set out in Appendix I and IIA to this prospectus;

(c) the audited consolidated financial statements of our Company for each of the financial years ended December 31, 2018 and 2019 and the seven months ended July 31, 2020;

(d) the letters relating to the loss estimate for the year ended December 31, 2020 received from KPMG and the Joint Sponsors, the text of which are set out in Appendix IIB to this prospectus

(e) the PRC legal opinion issued by Commerce & Finance Law Offices, our PRC Legal Advisers, in respect of certain general corporate matters and the property interests of our Group;

(f) the letter of advice prepared by Maples and Calder (Hong Kong) LLP, our legal adviser on Cayman Islands laws, summarizing certain aspects of the Cayman company law referred to in Appendix III to this prospectus;

(g) the written consents referred to in "Statutory and General Information—E. Other Information—4. Qualifications and Consents of Experts" in Appendix IV to this prospectus;

(h) the material contracts referred to in "Statutory and General Information—B. Further Information about our Business—1. Summary of Material Contracts" in Appendix IV to this prospectus;

(i) the service contracts and the letters of appointment with our Directors referred to in "Statutory and General Information—C. Further Information about Our Directors—1. Particulars of Directors' Service Contracts and Appointment Letters" in Appendix IV to this prospectus;

(j) the Frost & Sullivan Report;

(k) the Cayman Companies Act; and

(l) the terms of the Share Option Scheme and a list of grantees under the Share Option Scheme, containing all details as required under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

MicroPort
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