We are a biotechnology company seeking to **[REDACTED]** *on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules. Potential* **[REDACTED]** *may lose some or all of their* **[REDACTED]** *in us given the nature of our industry. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an* **[REDACTED]** *in our Shares. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks and uncertainties. The* **[REDACTED]** *of our Shares could decline due to any of these risks, and you may lose all or part of your* **[REDACTED]**. *Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that we deem immaterial, could also harm our business, financial condition and results of operations.*

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Risks Relating to Commercialization and Distribution of Our Products

Our products may fail to achieve market recognition and acceptance for commercial success.

The commercial success of our current and future products depends upon the degree of market recognition and acceptance they achieve, particularly among hospitals and surgeons. For example, products developed by our competitors may become more preferred than ours, and surgeons may rely on these competing products to the exclusion of ours. In addition, hospitals, surgeons and patients may prefer other products to ours. If our 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, if approved for commercial sale, will depend on a number of factors, including but not limited to:

- hospitals, surgeons and patients considering our products as safe and effective;
- the potential and perceived advantages of our products over alternative products, such as reusable endoscopes;
- limitations or warnings contained in the labeling approved by regulatory authorities;
- the timing of commercial sales of our products as well as competitive products;
- the potential and perceived advantages of our products over substitute products;
- the cost of treatment in relation to alternative treatments; and

- the effectiveness of our sales and marketing efforts.

If any products that we commercialize fail to achieve market acceptance among hospitals, surgeons, patients or others in the industry 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 are subject to intense competition from domestic and international competitors or substitutes, and we may be unable to maintain or enhance our market share in this industry for a variety of reasons.

The non-vascular interventional surgery medical device industry is highly competitive and fragmented. We face competition from both domestic and international competitors or substitutes across most of our products and product candidates based on safety and efficacy, the timing and scope of the regulatory approvals, prices, sales and marketing capabilities, the availability and cost of supply, patent position and other factors. In general, we face pricing competition from domestic competitors, and competition on product quality and brand recognition from international competitors. We may not be able to successfully compete with our competitors and cannot ensure you that we will be able to demonstrate compelling advantages in quality, functionality, convenience and/or safety to overcome price competition and to be commercially successful.

In addition, some of our competitors may have, among other things:

- greater financial and other resources;
- a greater variety of products;
- brands and products that are better recognized by surgeons who recommend products to patients;
- more extensive R&D and technical capabilities and human resources;
- stronger manufacturing capabilities;
- more extensive sales networks; or
- better support in terms of technical training provided.

We rely on our in-house marketing force and KOLs to promote our products. There is no guarantee that we will succeed in expanding our sales network to cover new sales and distribution channels.

We implement a clinical demand-oriented and highly responsive R&D strategy by establishing extensive interaction channels with KOLs, surgeons, hospitals and medical associations to gain first-hand knowledge of unmet clinical needs, surgeons' preferences and clinical practice trends, which is critical to our ability to develop new market-responsive products and improve our existing products. Our relationships with KOLs, surgeons, hospitals and medical associations play an important role in our R&D and sales and marketing activities. Academic promotion has been and will continue to be an important part of our marketing activities. We have participated in or sponsored academic conferences in various cities in China to promote our non-vascular interventional surgery medical devices. See "Business — Sales and Distribution — Marketing."

We cannot assure you that our marketing efforts will enable us to succeed in expanding our sales network. We cannot assure you that we will be able to maintain or strengthen our relationships with the industry participants we cooperate with, or that our efforts to maintain or strengthen such relationships will yield the successful development of new products or increased sales. These industry participants may leave their roles, change their business or practice focus, or choose to no longer cooperate with us and cooperate with our competitors instead. Even if they continue to cooperate with us, their market insights and perceptions, which we take into account in our research and development process, may be inaccurate and lead us to develop products that do not have significant market potential. Even if their insights and perceptions are correct, we may fail to develop commercially viable products. Moreover, we cannot assure you that our academic promotion and marketing strategy will continue to serve as an effective marketing strategy. Our marketing strategy may no longer be able to yield larger hospital coverage or increased sales commensurate to our efforts spent. In addition, the KOLs, surgeons and hospitals that we focus on may not continue to have a significant demand for non-vascular interventional surgery medical devices covered by our product lines. If we are unable to develop new products or generate returns from our relationships with industry participants as anticipated, or at all, our business, financial condition and results of operations may be materially and adversely affected.

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

We sell our products to our distributors, who in turn sell our products. As of September 30, 2022, we had more than 770 distributors worldwide. The performance of our distributors and the ability of our distributors to sell our products, uphold our brand, and expand their businesses and their sales networks are crucial to the growth of our business and may directly affect our sales volume and profitability. Due to our dependence on our distributors for the sale and distribution of our products, any reduction, delay or cancellation of orders from our distributors, or our failure to renew distribution agreements, maintain good relationships with existing distributors, or timely identify and engage additional or replacement distributors upon the loss of one or more of our distributors, may cause material fluctuations or declines in our revenue or the sustainability of our growth and have a material and adverse effect on our business, financial condition and results of operations.

We review the performance of our distributors from time to time, and seek to retain and engage more competent distributors to maintain and expand our overall network of distributors. We may experience challenges when developing our network of distributors, especially in regions where we have relatively low or no presence, such as unfamiliarity with local business and market practices and local laws and regulations, as well as fierce competition with local or overseas competing brands. The competition for distributors is intense in our industry. We may not be able to offer the most favorable arrangements to our distributors as compared to competitors who may be larger and have better-funded sales and marketing campaigns. Competitors may require their distributors to sign exclusive distribution agreements that prohibit such distributors from selling our products.

In addition, new and evolving laws and regulations may affect our distribution and sales model. For example, the interpretation and enforcement of the "two-invoice system" in the medical device industry are evolving and subject to uncertainty. The further implementation of the "two-invoice system" or similar systems in the medical device industry may require us to adjust our sales model. See "Regulatory Overview — Regulation of Medical Devices — Two Invoice System." During the Track Record Period, our revenue generated in regions where the two-invoice system has been implemented on our products accounted for approximately 5% of our total revenues and had not materially and adversely affected our business, financial condition and results of operations. However, 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 may fail to effectively manage our network of distributors. Actions taken by our distributors in violation of the distribution agreements or taken by the distributors with whom we have not entered into distribution agreements could materially and adversely affect our business, prospects and reputation.

We have limited control over the operations and actions of our distributors, all of whom, to 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 — Sales and Distribution — Sales to Distributors — Management of Distributors." We cannot guarantee that we will be able to effectively manage our distributors, or that our distributors would not breach our agreements and policies. If our distributors take one or more of the following actions, our business, results of operations, prospects and reputation may be adversely affected:

- breaching the distribution agreements or our policies and measures, including by selling competing products, by selling products outside their designated territories or by selling our products that they are not authorized to sell;
- 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 for, 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, we may also from time to time authorize our distributors to appoint certain sub-distributors within their designated territories. We do not require our overseas distributors to seek our approval to engage sub-distributors. However, to comply with the PRC laws and regulations in relation to medical device sales and distribution, we do not allow our domestic distributors to engage sub-distributors within their designated territories unless with our prior

review and consent. We do not maintain contractual relationships with these sub-distributors, and therefore 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 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.

Counterfeits of our products may reduce demand for our products and harm our reputation and business.

Certain medical devices may be manufactured, distributed or sold under our brand names in our target markets without our proper license or authorization, or mislabeled with respect to their actual usage or manufacturers. These products are generally referred to as counterfeit products. The regulatory control and law enforcement system in relation to the counterfeit products, particularly in developing markets such as China, may be inadequate to discourage or eliminate the manufacturing and sales of counterfeit products imitating our products. Since counterfeit products in many cases have very similar appearances compared with the authentic products but are generally sold at lower prices, counterfeits of our products can quickly erode the demand for our products. In addition, users of the counterfeits of our products may be exposed to health risks due to quality and safety issues with the counterfeited products, which would harm our reputation, business and prospects. We cannot guarantee that there will not be any counterfeits of our products, or that we will be able to identify and handle counterfeit issues effectively and in a timely manner, or at all, in which case our business and reputation may be materially and adversely affected.

Risks Relating to the Development of Our Products and Pipeline Products

We may fail to successfully develop, obtain regulatory approval for, or commercialize our product candidates in a timely manner, or at all.

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 different stages of development, and other pipeline products we may develop in the future. The approval process for

new products is increasingly lengthy, and our products may lose the competitive advantages in pricing or effectiveness that we have anticipated during their development. We may not be able to successfully commercialize the new products we develop. We could also fail to develop and implement an effective marketing strategy with respect to those products we are able to successfully develop. In the event we fail to successfully commercialize new products, our business prospects could be adversely affected. The success of our product candidates will depend on several factors, including but not limited to:

- successful enrollment in, and completion of, clinical studies, as well as completion of pre-clinical studies;
- favorable safety and efficacy data from our clinical studies and other studies;
- obtaining the necessary regulatory approvals;
- establishing and expanding commercial manufacturing capabilities;
- the performance by any third parties, such as CROs and SMOs or other third parties we may retain to conduct clinical studies, of their duties to us in a manner that complies with our protocols and applicable laws and that protects the integrity of the resulting data;
- engaging qualified EMC and product safety tests vendors and obtaining EMC and product safety test result in a timely manner;
- 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;
- keeping up with industry and technological advancements;
- successfully launching our product candidates, if and when approved;
- obtaining favorable governmental and private medical reimbursement for our products, if and when approved; and
- competition with other non-vascular interventional surgery medical devices.

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

Moreover, because we have limited financial and managerial resources, we focus our product pipeline on R&D programs and pipeline products in non-vascular interventional surgical solutions. 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 R&D programs and pipeline products 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.

Non-vascular interventional surgery medical devices and technologies are developing rapidly. We may not be successful in keeping up with industry and technological advancements.

The non-vascular interventional surgery medical device industry is characterized by technological changes, frequent new product introductions, and evolving industry standards. We need to keep pace with new technologies and applications to maintain our competitive position, and we must continue to invest significant amounts of human and capital resources to develop or acquire new and more advanced non-vascular interventional surgery medical device technologies. We cannot assure you that we will be able to successfully identify new technological opportunities, enhance or adapt to new non-vascular interventional surgery medical devices and technologies, develop new or improved products, secure sufficient intellectual property protection for such new or improved products, obtain the necessary regulatory approvals in a timely and cost-effective manner, or achieve market acceptance after such products are launched. Any failure to do so could harm our business and prospects.

Uncertainties or failures of the product registration testing or clinical trials of our product candidates may have a material and adverse effect on our business operations.

According to the Regulations for the Supervision and Administration of Medical Devices (2021 Revision) (《醫療器械監督管理條例 (2021修訂) 》) issued by the State Council on February 9, 2021, medical devices are classified into three different categories, namely, Class I, Class II and Class III, depending on the degree of risk associated with each medical device and the extent of control needed to ensure safety and efficacy. We believe a number of our products may be exempt from clinical trials if (i) our products fall in the Catalog of Medical Devices Exempted from

Clinical Evaluation (《免於臨床評價醫療器械目錄》) issued by the NMPA, or (ii) we can demonstrate their safety and efficacy based on the real-world clinical data or clinical trial data of other medical devices of the same type that are already commercialized. For details, see "Regulatory Overview — Regulation of Medical Devices — Registration and Filing of Medical Devices." We cannot guarantee that the NMPA will agree with our assessment that certain of our products can be exempt from clinical trials. In that event, we may be required to delay our commercialization plans and conduct clinical trials, which will require additional time and capital investment.

Moreover, 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 to commercialize our product candidates, including but not limited to:

- regulators, institutional review boards ("**IRBs**") 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;

- 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;

- manufacturing issues, including problems with manufacturing, supply quality, or obtaining sufficient quantities of a product candidate for use in a clinical trial;

- regulators or ethics committees may require that we suspend or terminate clinical research or not rely on the results of clinical research for various reasons, including non-compliance with regulatory requirements;

- failure of our product to demonstrate superior results than competing or alternative products, if applicable;

- the number of subjects required for clinical trials of our product candidates may be larger than we anticipate, enrollment may be insufficient or slower than we anticipate or subjects may drop out at a higher rate than we anticipate;

- clinical trials of our product candidates may produce negative or inconclusive results, and we may decide, or regulators may require us, to conduct additional clinical trials or abandon product development programs;

- 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 or terminate clinical trials of our product candidates for various reasons, including a finding of a lack of desired safety and efficacy profiles or other unexpected characteristics;

- the initial or interim results of the clinical trial may not be predictive of the final results; and

- the cost of clinical trials of our product candidates may be greater than we anticipate.

If we are required to conduct additional clinical trials or other testing of our product candidates beyond those that we currently contemplate, if we are unable to successfully complete clinical trials of our product candidates or other testing, or if the results of these trials or tests are not positive or are only modestly positive, we may:

- be delayed in obtaining regulatory approval for our product candidates;

- not obtain regulatory approval at all;

- obtain approval for indications that are not as broad as intended;

- have the product removed from the market after obtaining regulatory approval;

- be subject to restrictions on how the product is distributed or used; and/or

- be unable to obtain reimbursement for use of the product.

There can be no assurance that these trials will be completed in a timely or cost-effective manner or result in a commercially viable product. If we experience delays in the completion of, or the termination of, a clinical trial of any of our product candidates, the commercial prospects of that product candidate will be harmed, and our ability to generate revenues from the product candidate will be affected. In addition, any delays in completing our clinical trials will increase our costs, slow down our product candidate development and approval process, and jeopardize our ability to commence product sales and generate related revenues for that candidate. Any of these occurrences may harm our business, financial condition and prospects significantly.

Clinical development involves a time- and cost-consuming process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results.

Clinical development is expensive and can take years to complete, and its outcome is inherently uncertain. These trials or procedures may not be completed in a timely or cost-effective manner or result in a commercially viable product. Failure to successfully complete these trials or procedures in a timely and cost-effective manner could have a material adverse effect on our prospects. Clinical trials or procedures may experience significant setbacks even after earlier trials have shown promising results. Failure can occur at any time during the clinical trial process. The results of pre-clinical studies may not be predictive of the results of clinical trials, and initial or interim results of a trial may not be predictive of the final results. Product candidates in clinical trials may fail to show the desired safety and efficacy profiles despite having progressed through pre-clinical studies. In addition, there can be significant variability in the results between different trials of the same product due to numerous factors, including changes in trial procedures set forth in protocols and differences in the size and type of the patient populations and number of trial sites.

Our products and product candidates 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 side effects caused by our approved products or product candidates could (i) cause us or regulatory authorities to interrupt, delay or halt clinical trials, (ii) affect patient recruitment or cause enrolled subjects to drop out of ongoing clinical trials, (iii) adversely impact our ability to obtain regulatory approval, (iv) result in a narrowed scope of indications or a more restrictive label on our products, and/or (v) subject us to product liability claims as well as substantial liabilities.

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

- the relevant products may be recalled, withdrawn or seized;
- regulatory authorities may withdraw or limit their approval of our products;

- 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 labelling of such products;

- we may be required to develop risk evaluation and mitigation measures for the products, or if risk evaluation and mitigation measures are already in place, to incorporate additional requirements under the risk evaluation and mitigation measures;

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

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

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

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

- our reputation, business and prospects may be adversely affected.

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

Risks Relating to Our Financial Position and Prospects

Our historical operating results may not be representative of future performance. We may incur net losses for the foreseeable future, and you may lose substantially all your* [REDACTED] *in us given the high risks involved in the medical device business.

During the Track Record Period, we generated revenue from sales of endoscopes, non-active consumables and active medical devices. As of the Latest Practicable Date, we had 36 products approved in China, the U.S., the EU and/or Japan, including nine endoscopes and related products, five active medical devices and 22 non-active consumables. We have sold our products in China and in over 65 countries and regions across five continents. Our revenue amounted to RMB255.2 million and RMB340.8 million in 2021 and 2022, respectively.

Investment in medical device development entails substantial upfront capital expenditures and significant risk that a product candidate will fail to gain regulatory approval or become commercially viable. While we have generated revenue from commercialized products, we

incurred a net loss in each period comprising the Track Record Period mainly due to expenses in connection with our research and development programs and from administrative expenses associated with our operations, which we incurred to expand our product portfolio and to incentivize our employees. Our net loss in 2021 was also attributable to fair value loss on financial liabilities at FVTPL. As a result, we incurred net losses of RMB694.7 million and RMB221.1 million in 2021 and 2022, respectively.

We may continue to incur losses for the foreseeable future, and the losses may increase as we expand our development of, and seek regulatory approvals for, our product candidates, and commercialize our products. Typically, it takes many years to develop one new product from the time when it is designed to when it is available for commercialization. In addition, we will start incurring costs associated with being and maintaining the status of a public company in Hong Kong after the **[REDACTED]**. We will also incur costs in support of our further development and growth. The size of our future net losses will depend, in part, on the number and scale of our product development programs and the associated costs of those programs, the cost of commercializing any approved products and our ability to generate revenues. If any of our product candidates fails in clinical trials or does not gain regulatory approval, or if approved, fails to achieve market acceptance, we may never become profitable. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods. Our failure to become and remain profitable would decrease the value of our Company and could impair our ability to raise capital, maintain our research and development efforts, expand our business or continue our operations as well as the price of our Shares.

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

We had net liabilities of RMB1,211.4 million and RMB1,303.1 million as of December 31, 2021 and 2022, respectively. Our net liabilities as of December 31, 2021 and 2022 were primarily in relation to the fair value of our financial liabilities at FVTPL of RMB1,515.7 million and RMB1,668.5 million relating to our equity financings during the Track Record Period. We also recorded net current liabilities of RMB1,483.9 million as of December 31, 2022, primarily in relation to the reclassification of our Series A, Series B and Series C Shares from non-current liabilities as of December 31, 2021 to current liabilities as of December 31, 2022. Our net liabilities and net current liabilities expose us to liquidity risk, and such positions may continue or recur after the **[REDACTED]**. Our future liquidity, the payment of trade and other payables, our capital expenditure plans and the repayment of our outstanding debt obligations as and when they become due will primarily depend on our ability to maintain adequate cash generated from operating activities and adequate external financing. We may have net liabilities in the future,

which may limit our working capital for the purpose of operations or capital for our expansion plans and materially and adversely affect our business, financial condition and results of operations.

We are exposed to risks related to fair value change for financial liabilities at FVTPL and valuation uncertainty due to the use of unobservable inputs.

As of December 31, 2021 and 2022, we recorded fair value of our financial liabilities at FVTPL of RMB1,515.7 million and RMB1,668.5 million, respectively, which was in relation to our equity financings during the Track Record Period. Such estimated changes in fair values involve the exercise of professional judgment and the use of certain bases, assumptions and unobservable inputs, which, by their nature, are subjective and uncertain. Pursuant to the shareholders agreement entered in October 2021, we granted certain special rights, including but not limited to redemption rights and anti-dilution rights, to certain Pre-**[REDACTED]** Investors. The fair value of the shares held by such Pre-**[REDACTED]** Investors are recognized as financial liability carried at FVTPL and debited to equity simultaneously.

Changes in fair value of the shares held by such Pre-**[REDACTED]** Investors are charged to profit or loss. We cannot assure you that market conditions and regulatory environment will create fair value gains and we will not incur any fair value losses in the future. If the fair value of our financial liabilities at fair value through profit or loss were to fluctuate due to these reasons, our business, financial condition and results of operations could be materially adversely affected. Changes in fair value of the shares held by such Pre-**[REDACTED]** Investors attributable to credit risk shall be charged to other comprehensive income. The fair value loss of our financial liabilities at FVTPL will not recur after the **[REDACTED]**, as all the special rights will be terminated before the **[REDACTED]**. For details, see "Financial Information — Description of Certain Consolidated Statement of Financial Position Items — Financial Liabilities at FVTPL."

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

As of December 31, 2021 and 2022, we had goodwill of RMB10.0 million. For more information, see "History, Reorganization and Corporate Structure — Our Subsidiaries — Anqing Medical." The value of goodwill is based on a number of assumptions made by the management. If any of these assumptions does not materialize, or if the performance of our business is not consistent with such assumptions, we may be required to have a significant write-off of our goodwill and record a significant impairment loss. Furthermore, our determination on whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated, which depends on the expected future cash flows from the cash-generating units. If we determine the expected future cash flow to decrease, our goodwill may

be impaired. Any significant impairment of goodwill could have a material adverse effect on our business, financial condition and results of operations. For more information regarding our impairment policy in relation to goodwill, see note 15 to the Accountants' Report in Appendix I to this document.

As of December 31, 2021 and 2022, we had other intangible assets of RMB9.3 million and RMB8.4 million, respectively. Our other intangible assets represent our intellectual properties acquired through acquisitions and software purchased. The value of intangible assets is based on a number of assumptions made by the management. For a detailed discussion on the intangible assets, see note 17 to the Accountants' Report in Appendix I to this document. If any of these assumptions does not materialize, or if the performance of our business is not consistent with such assumptions, we may be required to have a significant write-off of our intangible assets and record a significant impairment loss. Furthermore, our determination on whether intangible assets are impaired requires an estimation of the carrying amount and recoverable amount of an intangible asset. If the carrying amount exceeds its recoverable amount, our other intangible assets may be impaired. The impairment of intangible assets could have a material adverse effect on our business, financial condition and results of operations.

The discontinuation of any government grants and other favorable policies currently available to us could adversely affect our financial condition, results of operations and prospects.

We have historically received government grants in the form of subsidies for certain of our product development projects. In 2021 and 2022, we recognized government grants as other income of RMB5.8 million and RMB8.7 million, respectively. For further details of our government grants, see "Financial Information — Description of Certain Key Items of the Consolidated Statement of Profit or Loss and Other Comprehensive Income — Other Income and Gains." Moreover, our growth has also been supported by favorable government policies. The timing, amounts and criteria of government grants and other favorable policies are determined within the sole discretion of the local government authorities and cannot be predicted with certainty before we actually receive any financial incentive. We generally do not have the ability to influence local governments in making these decisions. Local governments may decide to reduce or eliminate such grants or policies at any time. Our eligibility for government grants and other favorable policies depends on a variety of factors, including the assessment of our improvement on existing technologies, relevant government policies, the availability of funding at different granting authorities and the research and development progress made by other peer companies. In addition, some of the government grants and policies are on a project basis and subject to the satisfaction of certain conditions, including compliance with the applicable financial incentive agreements and completion of the specific projects therein. In addition, the policies under which we historically received government grants may be halted by the relevant government entities at their sole discretion. We cannot assure you of the continued availability of the

government grants and other favorable policies currently enjoyed by us. Any reduction or elimination of such government grants and other policies would materially adversely affect our business, financial condition, results of operations and prospects.

We benefit from certain preferential tax and financial incentives, the discontinuation or changes to which could adversely affect our profitability.

During the Track Record Period, certain of our subsidiaries were entitled to preferential tax treatment as a high and new technology enterprise and as a small to medium scientific enterprise. See "Financial Information — Description of Certain Key Items of the Consolidated Statement of Profit or Loss and Other Comprehensive Income — Income Tax Credit/(Expense)." Our eligibility to receive preferential tax treatment requires that we continue to qualify for them. The preferential tax treatment is provided to us at the discretion of the central government or relevant local government authorities, which could determine at any time to eliminate or reduce such preferential tax treatment, generally with prospective effect. The discontinuation or reduction of the preferential tax treatment currently available to us could have a material adverse effect on our financial condition, results of operations, cash flows and prospects.

In addition, the current or future preferential tax treatments, tax concessions, tax allowances and financial incentives applicable to us may be changed, terminated, or otherwise become unavailable due to many factors, including changes in government policy or administrative decisions by relevant government authorities. For example, on November 27, 2014, the State Council issued the Notice on Cleaning Up and Regulating Taxation and Other Preferential Policies (《國務院關於清理規範税收等優惠政策的通知》) (the "**Preferential Policies Notice**"), which required local governments and government agencies to review and clean up the preferential policies they have promulgated, and to abolish preferential policies that are in violation of state laws and regulations. On May 10, 2015, the State Council issued a notice suspending the clean-up of preferential policies set out in the Preferential Policies Notice until further notice. Our post-tax profitability and cash flows may be adversely affected as a result of one or more of these or other factors.

Our deferred tax assets may not be recovered.

As of December 31, 2021 and 2022, our deferred tax assets amounted to RMB24.6 million and RMB28.4 million, respectively. We periodically assess the probability of the realization of deferred tax assets, using accounting judgments and estimates with respect to, among other things, historical operating results, expectations of future earnings and tax planning strategies. In particular, these deferred tax assets can only be recognized to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilized. However, we cannot assure you that our expectation of future earnings will materialize, due to

factors beyond our control such as general economic conditions or negative development of a regulatory environment, in which case we may not be able to recover our deferred tax assets which in turn could have a material adverse effect on our financial condition and results of operations.

We are exposed to risks in connection with the wealth management products we purchased.

As part of our treasury management, we may from time to time purchase low-risk wealth management products, which are recorded as financial assets at fair value through profit or loss, as an auxiliary means to improve utilization of our cash on hand on a short-term basis. As of December 31, 2021 and 2022, we had financial assets at fair value through profit or loss of RMB20.3 million and nil, respectively. We recorded investment income from wealth management products of RMB0.5 million and nil in 2021 and 2022, respectively. Pursuant to the Guidance on Regulating Financial Institution's Asset Management Business (《關於規範金融機構資產管理業務的指導意見》) promulgated by the PBOC, the China Banking and Insurance Regulatory Commission, the CSRC and the SAFE on April 27, 2018, financial institutions selling wealth management products shall not guarantee the principals and/or returns of such products. As a result, the returns of our investments on the wealth management products were not guaranteed. We measured these wealth management products at fair value through profit or loss, and we are exposed to credit risks in relation to these financial assets, which may adversely affect their fair value. The fair value of the financial assets is calculated by discounting the future cash inflows based on the expected return rates. This requires our management to make estimates about expected future cash flows, credit risk, volatility and discount rates, and hence they are subject to uncertainty. Net changes in their fair value are recorded in profit or loss, and therefore directly affect our results of operations. For more details, please see "Financial Information — Description of Certain Consolidated Statement of Financial Position Items — Financial Assets at FVTPL." We cannot guarantee that we will not experience losses with respect to such investments in the future or that such losses or other potentially negative consequences due to such investments will not have material adverse effects on our business, results of operations and prospects.

The recoverability of our prepayments, deposits and other receivables may affect our business operations.

There are uncertainties about the recoverability of our prepayments, deposits and other receivables. As of December 31, 2021, and 2022, we recorded current prepayments, deposits, and other receivables of RMB19.4 million and RMB34.0 million, respectively, of which the majority of is the prepayments to suppliers. However, there is no guarantee that the suppliers and service providers will perform their obligations in a timely manner and we are subject to recoverability or credit risk in relation to prepayments, deposits and other receivables. We conduct assessments on the recoverability of prepayments, deposits and other receivables 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 prepayments, deposits and other receivables. Therefore, if we are not able to recover the prepayments, deposits and other receivables as scheduled, our financial position and results of operations may be adversely affected.

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

Our operations require significant capital investment. Historically, we have financed our business activities primarily through cash generated from our operations, contributions by our Shareholders and bank loans. Additionally, we are exposed to credit risks on the cash and cash equivalents deposited in financial institutions. In the event that any of them becomes insolvent and is taken into receivership by the relevant government agencies, there will be uncertainty as to the timing and extent to which we will be able to recover our cash on deposit at such financial institutions. If our current sources of capital are insufficient to satisfy our cash requirements, we may seek additional debt or equity financing or obtain a credit facility. The issuance of additional equity securities or convertible debt securities could result in dilution to our Shareholders. The incurrence of indebtedness could result in increased debt service obligations, increased finance costs and operating and financing covenants that would restrict our operations and liquidity and negatively impact our financial performance.

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

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

We granted equity incentives to our management and employees to incentivize and reward the eligible persons who have contributed to our success. For the years ended December 31, 2021 and 2022, we incurred share-based compensation expenses of RMB478.3 million and RMB129.9 million, respectively. To further incentivize our employees to contribute to us, we may grant additional share-based compensation in the future. Issuance of additional Shares with respect to

such share-based payment may dilute the shareholding percentage of our existing Shareholders. Expenses incurred with respect to such share-based compensation may also have a material and adverse effect on our financial performance.

Risks Relating to 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. Our sales cover all provinces in China and over 65 countries and regions across five continents, including the United States and various countries and regions in Europe, the Middle East, Central Asia and Southeast Asia. These geopolitical areas all have comprehensive regulations 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 have operations and plan to continue operating in each of these regions.

The process of obtaining regulatory approvals and compliance with applicable laws and regulations require substantial time and financial resources. Failure to comply with the applicable requirements at any time during the product development, approval or post-approval processes may subject us 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.

For example, in December 2021, we were subject to and fully completed administrative penalties imposed by the Shanghai Pudong New Area Market Supervision Administration, including seizures of 37 units of ureteral stents and a fine of RMB443,225, relating the failure of our ureteral stents to pass a test conducted by authorities. During our own inspection, our ureteral stent would be subject to a retention strength (固定強度) test after being soaked in warm water for around one minute, mimicking conditions in clinical practice. However, because the test set out in the technical requirements applicable to our ureteral stents instructs that soaking time should be one minute or more, authorities soaked our ureteral stents for a period of ten minutes, upon which our ureteral stents failed the retention strength test. We implemented a recall of such ureteral stents in August 2021 and were imposed the administrative penalties in December 2021. The direct

economic losses we suffered from this recall were immaterial. For details, see "Business — Product Warranty, Return and Exchanges." Except for this product recall, we had not experienced any other product recall during the Track Record Period and up to the Latest Practicable Date. However, we cannot guarantee that we will not experience product recalls in the future.

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

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

If we are not able to obtain, maintain or renew, or experience delays in obtaining, maintaining or renewing, required regulatory approvals, we will not be able to commercialize our products, and our ability to generate revenue will be materially impaired.

Before obtaining regulatory approvals for the commercial sale of any product, we are required to demonstrate in pre-clinical studies and well-controlled clinical trials, based on laws and regulations of the applicable jurisdiction, and the requirements of relevant authorities that the product is effective for use for the approved purposes and that the manufacturing facilities, processes and controls are adequate. Obtaining regulatory approvals is a lengthy, expensive and uncertain process, and approvals may not be obtained. When we submit a filing application to the NMPA or its local counterparts, the NMPA or its local counterparts will decide whether to accept or reject the submission. We cannot be certain that any submissions will be accepted for filing and review by the NMPA or its local counterparts. Even if the NMPA determines to accept our filing application for review, it may request for supplemental materials and explanations, if necessary. The NMPA or its local counterparts may also slow down, suspend or cease review of our applications and any of these could prolong the registration process of our products.

Our products could fail to receive regulatory approval for many reasons, including but not limited to:

- failure to begin or complete clinical trials due to disagreements with regulatory authorities;
- failure to demonstrate that a product is effective;
- failure of clinical trial results to meet the level of statistical significance required for approval;
- data integrity issues related to our clinical trials;
- disagreement with our interpretation of data from pre-clinical studies or clinical trials;
- changes in approval policies or regulations that render our pre-clinical and clinical data insufficient for approval or require us to amend our clinical trial protocols;
- regulatory requests for additional analyses, reports, data, non-clinical studies and clinical trials, or questions regarding interpretations of data and results and the emergence of new information regarding our products or other products;
- our failure to conduct a clinical trial in accordance with regulatory requirements or our clinical trial protocols;
- clinical sites, investigators or other participants in our clinical trials deviating from a trial protocol, failing to conduct the trial in accordance with regulatory requirements, or dropping out of a trial; and
- rejection by the relevant authorities to approve pending applications or supplements to approved applications filed by us or suspension, revocation or withdrawal of approvals.

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 will be able to meet new criteria that may be imposed to obtain or renew the necessary permits, licenses and certificates. Changes in regulatory requirements and guidance may also occur, such as the introduction of simplified approval procedures, or a relaxation in clinical trial requirements, which would lower the entry barrier for potential competitors, or increased stringency in regulatory requirements, which may increase the difficulty for us to satisfy such requirements. Any of such

changes may have a material adverse impact on our business, financial condition, results of operations and prospects, and we may need to amend clinical trial protocols submitted to applicable regulatory authorities to reflect these changes.

Fluctuation, in particular downward change, in pricing and profit margin of our products may have a material adverse effect on our business and results of operations.

We may face downward change in pricing of our products due to increasing market competition, launch of competitive products and/or regulatory changes which may impose pricing control or other restrictive measures. In line with market practice, we sell our products to distributors at standard ex-factory prices determined by us, which we may adjust based on market conditions. Distributors are also allowed to adjust selling price no less than the lowest selling price set by us by giving us notice. For details, see "Business — Sales and Distribution — Sales to Distributors — Domestic Distributors." If the resale price of our products is subject to downward pressure and may potentially lower the profitability of our distributors, our distributors may have less incentive to purchase and promote our products, and our distributors may gain more bargaining power due to other reasons. In such cases, we may need to lower the ex-factory price at which we sell to our distributors, which in turn will have a material and adverse impact on our business, financial performance and results of operations.

The PRC government has implemented a number of policies to gradually increase the affordability of medical devices, including compiling a list of high-value medical consumables, requiring public hospitals to have zero margin for high-value medical consumables, and establishing provincial-level platforms for procurement. In particular, in order to improve the pricing mechanism and reduce the high prices of high-value medical consumables, the General Office of the State Council issued the Reform Plan for Governance of High-value Medical Consumables (《關於印發〈治理高值醫用耗材改革方案〉的通知》) on July 19, 2019, exploring the classified and centralized procurement of high-value medical consumables. Such centralized procurement would not directly affect the pricing of our products or product candidates (upon commercialization), but there are uncertainties whether the centralized procurement scope would be expanded in the future, resulting in the inclusions of our products or product candidates (upon commercialization). If our products are included in the centralized procurement regime, the PRC government may exercise more stringent control measures on the tendering process of our products and pipeline products, either at the national or provincial level, 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, such as: (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. Moreover, if any products comparable or similar to our

products were included in the centralized procurement, patients' willingness to use our products or product candidates (upon commercialization) might be materially and adversely affected and we might be forced to change our pricing strategy. If any or all of the foregoing were to occur, our sales revenue may decrease, which in turn will have a material adverse impact on our financial condition and results of operations.

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

Demand for, prices of, and our ability to sell our non-vascular interventional surgery medical devices depend largely on whether and the extent to which our products and related treatments are covered by reimbursement schemes and national or regional pricing guidelines, which control the prices charged by hospitals for medical devices. We may strategically develop and position our products taking into consideration these schemes and standards. However, if the reimbursement status of our products and coverage under the pricing guidelines are not favorable, we may not be able to successfully commercialize our products or generate sufficient profits from our products. Moreover, China's healthcare system is undergoing reform. We cannot assure you that the PRC government will not amend the pricing guidelines or change, reduce or eliminate the government insurance coverage and reimbursement level currently available for treatments using our products, which may lower demand for our products.

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

We 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 or 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. Such 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, while breach of any contractual obligations in relation to data protection and privacy of information could result in claims for damages by customers and other affected individuals, all of which could cause damage to our reputation and loss of goodwill and in turn have a material adverse effect on our business, financial condition, results of operations or prospects.

In addition, on March 17, 2018, the General Office of the State Council promulgated the Measures for the Management of Scientific Data (《科學數據管理辦法》) ("**the Scientific Data Measures**") which provides a broad definition of scientific data and relevant rules for the management of scientific data. According to the Scientific Data Measures, enterprises in China must seek governmental approval before any scientific data involving a state secret may be transferred abroad or to foreign parties. In addition, any researcher conducting research funded at least in part by the PRC government is required to submit relevant scientific data for management by the entity to which such researcher is affiliated before such data may be published in any foreign academic journal. Given the term "state secret" is not clearly defined, if and to the extent any data collected or generated in connection with our services will be subject to the Scientific Data Measures and any subsequent laws as required by the relevant government authorities, we cannot assure you that we can always obtain relevant approvals for sending scientific data (such as the results of our pre-clinical studies or clinical trials conducted within China) abroad.

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 the Manufacture and Supply of Our Products

If our products are not manufactured to the necessary quality standards, our business and reputation could be harmed, and our revenue and profitability could be adversely affected.

Our products and manufacturing processes are required to meet certain quality standards. We have established a quality control management system and standard operating procedures to help prevent quality issues in respect of our products. For further details of our quality control management system and standard operating procedures, see "Business — Quality Control." Despite our quality control system and procedures, we cannot eliminate the risk of errors, defects or failure. We may fail to detect or cure quality defects as a result of a number of factors, many of which are outside our control, including but not limited to:

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

Failure to detect quality defects in our products or to prevent such defective products from being delivered to customers could result in product recalls or withdrawals, license revocation, regulatory fines, or other problems that could seriously harm our reputation and business, expose us to liability, and adversely affect our revenues and profitability.

In addition, when we expand our production capacity in the future, we may not be able to ensure consistent quality between products manufactured in the existing and new facilities, or may need to incur substantial costs for doing so. Furthermore, if we acquire other companies, we may not be able to immediately ensure that their manufacturing facilities and processes will meet our own quality standards.

If we suffer substantial disruption to our manufacturing site or encounter problems in manufacturing our products, our business and results of operations could be adversely affected.

During the Track Record Period, we produced and assembled most of our products at our three manufacturing facilities in Shanghai. The continued operation of our manufacturing facilities and our production safety may be substantially interrupted and materially and adversely affected due to a number of factors, such as labor disputes, loss of the services of our executive officers or other key employees, strikes or natural disasters. Our continued operation may also be disrupted by many factors outside of our control. These may include fire, flood, earthquakes, power outages, fuel shortages, mechanical breakdowns, terrorist attacks and wars, or other natural disasters, as well as loss of licenses, certifications and permits, changes in governmental planning for the land underlying the facility or its vicinity and regulatory changes. If the operation of any of our manufacturing facilities is substantially disrupted, we may not be able to replace the equipment or inventories at such facility, or use different sites or a third-party contractor to continue our production in a legal, timely and cost-effective manner, or at all. In addition, we do not own any real property for our operations. Upon expiration of the leases, we will need to negotiate for renewal of the leases and may have to pay increased rent. We cannot assure you that we will be able to renew our leases on terms which are favorable or otherwise acceptable to us, or at all. If we fail to renew any of our leases or if any of our leases is terminated or if we cannot continue to use any of our leased properties, we may need to seek an alternative location and incur expenses related to such relocation, and our operation and businesses may also be disrupted or even suspended if we are not able to complete the relocation, including the reconstruction of relevant facilities in the new location, in a timely manner, or at all.

Furthermore, we did not maintain property insurance for our production facility and material equipment, or the amount of our insurance coverage may not be sufficient to cover our losses in the event of a significant disruption to our manufacturing facilities. Problems may also arise during manufacturing for a variety of reasons, including equipment malfunction, failure to follow specific protocols and procedures, problems with raw materials, the expansion of our existing manufacturing facilities, implementing changes in manufacturing facilities and limits to production capacity due to regulatory requirements, changes in the types of products produced, physical limitations that could inhibit continuous supply, man-made or natural disasters and environmental factors. As a result of disruption to our manufacturing facilities or any problems in manufacturing our products, we may fail to fulfill contractual obligations or meet market demand for our products, and our business, revenues and profitability could be adversely affected.

We depend on third-party suppliers to supply raw materials to manufacture our products. If these suppliers can no longer provide satisfactory products to us on commercially reasonable terms, our business and results of operations could be adversely affected.

We depend on third parties for different aspects of our business, such as supplying raw materials for our production. The principal raw materials for our products include medical polymer materials, medical-grade metal materials, injection-molded parts, electronic parts, CMOS chips and packaging materials. We mainly rely on third-party suppliers to supply such raw materials with consistently high quality and in sufficient volumes. Selecting, managing and supervising these third-party suppliers require significant resources and expertise. Any disruption in production or inability of our suppliers to produce adequate quantities to meet our needs could impair our ability to manufacture products as scheduled and to operate our business on a day-to-day basis. Moreover, we expect our demand for such raw materials to increase as we expand our business scale and commercialize our products, and we cannot guarantee that current suppliers have the capacity to meet our demand.

We are also exposed to the possibility of increased raw material costs, which we may not be able to pass on to customers, and as a result, lower our profitability. The prices of the raw materials may be affected by a number of factors, including market supply and demand, the PRC or international environmental and regulatory requirements, natural disasters as well as the PRC and global economic conditions. A significant increase in the costs of raw materials may increase our cost of sales and negatively affect our profit margins and, more generally, our business, financial conditions, results of operation and prospects. In addition, although we have implemented quality inspection procedures on such materials before they are used in our manufacturing process and require our suppliers to maintain high quality standards, we cannot guarantee that we will be able to detect all quality issues in the supplies we use. These third parties may not be able to maintain and renew all licenses, permits and approvals necessary for their operations or comply with all applicable laws and regulations. Their failure to do so may lead to interruption in their business operations, which in turn may impact the quantity and/or quality of the raw materials supplied to us. As a result, we may have to delay manufacturing and sales, recall our products, be subject to product liability claims, fail to comply with continuing regulatory requirements and incur significant costs to rectify such issue, which may have a material and adverse effect on our business, financial condition and results of operations.

If we are unable to support demand for our existing or future products, including ensuring that we have adequate capacity to meet increasing demand, our business could suffer.

To meet anticipated market demand for our products, we may need to increase, or scale up, the production capacity and the utilization rate in the future. Advances in manufacturing technologies may render our facilities and equipment inadequate or obsolete, and therefore we may also need to develop more advanced manufacturing technologies and process controls in order to fully utilize our facilities. To enhance our production capacity, we are currently building a new manufacturing facility in Shanghai, and also plan to upgrade our automated manufacturing lines and employ more workers. If we are unable to do so, or if the process is delayed, or if the cost of the planned scale up or upgrade is not economically feasible for us or we cannot find a suitable third-party supplier, we may not be able to manufacture our products in a sufficient quantity to meet future demand, which would limit our development and commercialization activities and our opportunities for growth.

Our ability to successfully implement our expansion plan is subject to a number of risks, including our ability to obtain the requisite permits, licenses and approvals for the construction and operation of the new manufacturing facilities, the risk of construction delays, as well as our ability to timely recruit sufficient qualified staff to support the increase in production capacity. The expansion process may be lengthy and costly and may divert our management attentions and development resources. Consequently, there can be no assurance that we will be able to increase our overall production capacity or develop advanced technologies and process controls in the manner we contemplate, or at all. In the event we fail to increase our production capacity or develop advanced technologies and process controls, 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. Moreover, our plans to increase our production capacity require significant capital investment, and the actual costs of our expansion plan may exceed our original estimates, which could materially and adversely affect the realization of expected return on our expenditures. In addition, as our sales volume grows, we will need to continue to expand our internal quality assurance program.

There can be no assurance that our existing and future manufacturing facilities will be sufficient in the event of any significant change in market demand. In such event, we may have to engage third parties to meet such demand. Consequently, we are exposed to the risks of increased pricing for our raw materials and that the supply from such third parties may not comply with our specifications or meet market demand. As a result, our sales volumes and margins for the relevant products could be materially and adversely affected.

We rely on a limited number of suppliers for our products and may not be able to find replacements or immediately transition to alternative suppliers.

We source raw materials used in our production and procure manufacturing machinery and equipment from a limited number of suppliers. Our production may be interrupted if we encounter delays or difficulties in securing these supplies, or if we become unable to procure supplies from any of these suppliers due to their lack of required licenses, permits or certifications. If we cannot timely obtain an acceptable substitute, our business, financial condition, results of operations and reputation could be adversely affected.

Due to the rigorous requirements on quality, we may have difficulty establishing additional or replacement sources for certain raw materials such as CMOS chips in a timely manner or at all if the need arises. We believe that a number of replacement suppliers are capable of supplying the other raw materials necessary, such as medical polymer materials, medical-grade metal materials for our production and machinery and equipment. However, transitioning to a new supplier may be time consuming and expensive, and may result in interruptions in our production. In addition, there can be no assurance that replacement suppliers will meet our quality control and performance requirements. If we encounter delays or difficulties in procuring equipment and supplies we require, our business, financial condition, results of operations and reputation could be adversely affected.

We may experience supply interruptions that could harm our ability to manufacture products.

We purchase certain of the materials and components used in the manufacture of our products from external suppliers, and we purchase certain supplies from fixed sources or single sources for reasons of quality assurance, cost effectiveness, availability, or constraints resulting from regulatory requirements.

General economic conditions could adversely affect the financial viability of our suppliers, resulting in their inability to provide materials and components used in the manufacture of our products. 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. Although we will consider alternative supplier options, a change in suppliers could require significant effort or investment in circumstances where the items supplied are integral to product performance or incorporate unique technology, and the loss of any existing supply contract

could have a material adverse effect on us. A reduction in, or lack of availability of, raw materials or interruptions in the supply chain may also impact our profitability to the extent that we are required to pay higher prices for, or are unable to secure adequate supplies of, the necessary raw materials.

Failure to maintain and predict inventory levels in line with the level of demand for our products could cause us to lose sales or face excess inventory risks and holding costs, either of which could have a material adverse effect on our business, financial condition 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 timely delivery when requested. Furthermore, we are required to maintain an appropriate level of inventory of our raw materials for our commercial production. As of December 31, 2021 and 2022, we had inventories of RMB63.6 million and RMB146.5 million, respectively. In 2021 and 2022, our average inventory turnover days were 193 days and 296 days, respectively. During the Track Record Period, our inventory turnover days mainly reflect the level of safe inventory we maintain to ensure sufficient raw materials for our production needs and work in progress to meet product orders, especially taking into account potential logistics delays due to the COVID-19 pandemic. In 2022, our increased inventory turnover days was primarily in line with the temporarily suspended operations, logistics delays and longer inventory safety stock cycle due to the Recurrence of COVID-19 in the first half of 2022. We maintain our inventory levels based on our internal forecasts which are inherently uncertain. If our forecast demand is lower than actual demand, we may not be able to maintain an adequate inventory level of our products or produce 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 the accumulation of excess inventory of our products or raw materials. Excess inventory levels may increase our inventory holding costs, risk of inventory obsolescence or write-offs.

Under our inventory control policy, we regularly monitor and analyze our historical procurement, production and sales statistics and adjust our inventories to meet customer demand in a timely manner without causing inventory accumulation. However, there is no guarantee that the inventory information we collect is complete and accurate or that such information would allow us to effectively manage our inventory level. If we fail to maintain and predict inventory levels in line with market demand, it could cause us to lose sales or face excess inventory risks and holding costs, either of which could have a material adverse effect on our business, financial condition and results of operations.

Risks Relating to Our Intellectual Property Rights

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

The success of our business operation depends in large part on our ability to protect our proprietary technology, products and product candidates from competition by obtaining, maintaining and enforcing our intellectual property rights, including patent rights. We seek to protect the technology, products and product candidates that we consider commercially important by filing patent applications in the PRC and other jurisdictions, 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 in a timely manner or at all. 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 cannot assure you that our patent applications will always be successful. If we are unable to obtain patent protection with respect to our products and technologies, third parties could develop and commercialize products and technologies similar or identical to ours and compete directly against us. Our ability to successfully commercialize any product or technology may be adversely affected, and our business, financial condition, results of operations and prospects could be materially harmed. We may also fail to identify patentable aspects of our research and development output before it is too late to obtain patent protection. As a result, we may not be able to prevent competitors from developing and commercializing competitive products in all such fields and territories.

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 research and development output, such as our Directors, Supervisors and employees, CROs, SMOs 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.

Furthermore, the PRC has adopted the "first-to-file" system under which whoever first files a patent application will be awarded the patent if all other patentability requirements are met. Under the "first-to-file" system, even after reasonable investigation we may be unable to determine with certainty whether any of our products, processes, technologies, inventions, improvement and other related matters have infringed upon the intellectual property rights of others, because such third

party may have filed a patent application without our knowledge while we are still developing that product, and the term of patent protection starts from the date the patent was filed, instead of the date it was issued. Therefore, the validity of issued patents, patentability of pending patent applications and applicability of any of them to our programs may be lower in priority than third-party patents issued on a later date if the application for such patents was filed prior to ours and the technologies underlying such patents are the same or substantially similar to ours. In addition, we may be involved in claims and disputes of intellectual property infringement in other jurisdictions (for example, in China and the United States). In addition, under the Patent Law of the PRC, any organization or individual that applies for a patent in a foreign country for an invention or utility model accomplished in China is required to report to the CNIPA, for confidentiality examination. Otherwise, if an application is later filed in China, the patent right will not be granted. In addition, changes in patent law by the Standing Committee of the NPC and the CNIPA may diminish the value of our patents.

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

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

Given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such product candidates might expire before or shortly after such product candidates are commercialized. As a result, our patents and patent applications may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours. Moreover, some of our patents and patent applications may in the future be co-owned with third parties. If we are unable to obtain an exclusive license to any such third-party co-owners' interest in such patents or patent applications, such co-owners may be able to license

their rights to other third parties, including our competitors, and our competitors could market competing products and technology. In addition, we may need the cooperation of any such co-owners of our patents in order to enforce such patents against third parties, and such cooperation may not be provided to us. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

Patent protection depends on compliance with various procedural, regulatory and other requirements, and our patent protection could be reduced or eliminated due to non-compliance.

Periodic maintenance fees, renewal fees, annuity fees and various other governmental fees on patents and patent applications are due to be paid to the CNIPA and other patent agencies in several stages over the lifetime of a patent. The CNIPA and other governmental patent agencies require compliance with a number of procedural, documentary, fee payment, and other similar provisions during the patent application process. We are required to take the necessary action to comply with these requirements with respect to our intellectual property. 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 China. 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.

Intellectual property rights do not necessarily protect us from all potential threats to our competitive advantage.

The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations, and may not adequately protect our business, or permit us to maintain our competitive advantage. The following examples are illustrative:

- others may be able to independently develop similar or alternative technologies or designs that are similar to our products and product candidates but that are not covered by the claims of the patents that we own, or duplicate any of our technologies without infringing our intellectual property rights;

- we might not have been the first to make the inventions covered by the issued patents or pending patent applications that we own or may in the future exclusively license, which could result in the patent applications not being issued or being invalidated after issuance;

- we might not have been the first to file patent applications covering certain of our inventions, which could result in the patent applications not being issued or being invalidated after issuance;

- our pending patent applications may not lead to issued patents;

- issued patents that we own may not provide us with any competitive advantages, or may be held invalid or unenforceable, as a result of legal challenges by our competitors;

- our competitors might conduct research and development activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive services and products for commercialization in our major markets;

- we may fail to develop additional proprietary technologies that are patentable;

- we may fail to apply for or obtain adequate intellectual property protection in all the jurisdictions in which we operate; and

- the patents of others may have an adverse effect on our business, for example by preventing us from commercializing one or more of our product candidates.

Any of the aforementioned threats to our competitive advantage could have a material adverse effect on our business.

Intellectual property and other laws and regulations are subject to change, which could diminish the value of our intellectual property and impair the intellectual property protection of our products.

Intellectual property laws, including patent laws, are continuing to change and evolve, and we cannot guarantee that changes to these laws would not adversely affect our intellectual property protection. In China, intellectual property laws are constantly evolving, with efforts being made to improve intellectual property protection in China. For example, according to the Patent Law of the PRC (the "**2021 Patent Law**"), which was amended on October 17, 2020 and came into effect on June 1, 2021, patent period extension will be allowed by the National Intellectual Property Administration as a compensation for unreasonable delays in the examination and approval of such patents. Patent protection period may also be extended as a compensation for the time waiting for the review and approval of innovative drugs. Therefore, the validity period of the patents of any third party may be extended, which may in turn affect our ability to commercialize our products without facing infringement risks.

According to the 2021 Patent Law, a patentee may apply for extension of the patent period and the period of extension is not specified. If we are required to delay commercialization for an extended period of time, technological advancements may develop and new products may be launched, which may in turn render our products non-competitive. We cannot guarantee that any other changes to PRC intellectual property laws would not have a negative impact on our intellectual property protection.

If we are unable to protect the confidentiality of our trade secrets, including unpatented know-how, technology and other proprietary information, our business and competitive position would be harmed.

In addition to patents and pending patent applications, we rely on trade secrets and confidential information, including unpatented know-how, technology and other proprietary information, to maintain our competitive position and to protect our products. Protection of our unpatented proprietary information is especially important for our product portfolio. Our standard employment contract, which we sign with each of our employees, contains a confidentiality clause, under which employees are required to keep our technology know-how, intellectual property rights, trade secrets and other related information confidential if such information was obtained during work or through any other resources and has not been disclosed to the public by us. In addition, we include a confidentiality clause in our agreements with our research partners and other third parties who may have access to our proprietary information. Nevertheless, an employee or a third party could make an unauthorized disclosure of our proprietary confidential information. This might happen intentionally or inadvertently. It is possible that a competitor will make use of such information, and that our competitive position will be compromised, in spite of any legal action we might take against persons making such unauthorized disclosures. In addition, to the extent that our employees or contractors use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions.

Trade secrets are difficult to protect. Although we use reasonable efforts to protect our trade secrets, our employees, consultants, contractors or business partners might intentionally or inadvertently disclose our trade secrets to competitors or our trade secrets may otherwise be misappropriated. Pursuing a claim that a third party illegally obtained and is using any of our trade secrets is expensive and time consuming, and the outcome is unpredictable.

Approved patents covering one or more of our products or technologies could be found invalid or unenforceable if challenged in court.

Despite measures we take to obtain patent protection with respect to our product portfolio, any of our approved patents could be challenged or invalidated. For example, if we were to initiate legal proceedings against a third party to enforce a patent covering one of our products, the

defendant could counterclaim that our patent is invalid and/or unenforceable. Although we believe that we have conducted our patent prosecution in accordance with the duty of candor and in good faith, the outcome following legal assertions of invalidity and unenforceability during patent litigation is unpredictable. If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we would lose at least part, and perhaps all, of the patent protection on a product. Even if a defendant does not prevail on a legal assertion of invalidity and/or unenforceability, our patent claims may be construed in a manner that would limit our ability to enforce such claims against the defendant and others. Any loss of patent protection could have a material adverse impact on our product portfolio and our business.

Intellectual property litigation may lead to unfavorable publicity that harms our reputation and causes the market price of our common stock to decline.

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

If we are sued for infringing intellectual property rights of third parties, such litigation could be costly and time consuming and could prevent or delay us from developing or commercializing our product candidates.

Our commercial success depends in part on our ability to avoid infringement of the patents and other intellectual property rights of third parties. We are aware of numerous issued patents and pending patent applications globally belonging to third parties that exist in fields in which we are developing our product candidates. We may also be unaware of third-party patents or patent applications, and given the dynamic area in which we operate, additional patents are likely to be issued that relate to aspects of our business. There are a substantial amount of litigation and other claims and proceedings involving patent and other intellectual property rights in the medical device industry generally. As the medical device industry expands and more patents are issued, the risk of infringement also increases.

In addition, although we have entered into agreements with confidentiality, non-compete and intellectual property ownership terms with our key employees, pursuant to which any intellectual property conceived and developed during their employment belongs to us and they waive all relevant rights or claims to such intellectual property, we may become involved in lawsuits to protect or enforce our intellectual property conceived and developed during the employment of our current or former employees.

Third parties or our current or former employees may assert that we are using technology in violation of their patent or other proprietary rights. Defense against these claims, regardless of their merit, could involve substantial litigation expense and divert our technical personnel, management personnel, or both from their normal responsibilities. Even in the absence of litigation, we may seek to obtain licenses from third parties to avoid the risks of litigation, and if a license is available, it could impose costly royalty and other fees and expenses on us.

Even if litigation or other proceedings are resolved in our favor, 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. See also "— Intellectual property litigation may lead to unfavorable publicity that harms our reputation and causes the market price of our common stock to decline."

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

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

Risks Relating to Our Operations

Our operations and business plans may be adversely affected by natural disasters, health epidemics and pandemics, civil and social disruption and other outbreaks, in particular the COVID-19 outbreak.

An outbreak of a respiratory disease COVID-19 was first reported in December 2019 and continues to expand globally. In March 2020, the World Health Organization characterized the COVID-19 outbreak as a global pandemic. Significant rises in COVID-19 cases have been reported since then, causing governments around the world to implement unprecedented measures such as city lockdowns, travel restrictions, quarantines and business shutdowns. The COVID-19 outbreak has caused and may continue to cause a long-term adverse impact on the economy and social conditions in China and other affected countries, which may have an indirect impact on our industry and cause temporary suspension of projects and shortage of labor and raw materials, which would severely disrupt our operations and have a material adverse effect on our business, financial condition and results of operations.

Recently, the Chinese government has implemented emergency measures in certain cities or regions, including Shanghai, in response to the outbreak of the Delta variant since July 2021 and the Omicron variant since November 2021 (the "**Recurrence**"), including travel restrictions, mandatory cessations of business operations, mandatory quarantines, and limitations on social and public gatherings and lockdowns of cities or regions. These measures have affected our research and development, procurement, manufacturing, logistics and offline sales activities. In particular, due to travel restrictions, the registration and commercialization of our products had been delayed. For example, some of our research and development staff were unable to work on-site since March 2022 due to travel restrictions and work-from-home policies, which have interrupted our research and development activities and caused delays in our development timeline. Since March 2022, many hospitals in China have allocated its resources to the prevention and treatment of COVID-19, thus many non-vascular interventional surgeries may be delayed or canceled. As a result, the demand for our products used in non-vascular interventional surgeries has decreased in the past three months and our ongoing clinical trials in hospitals in China had been delayed for three months. For the clinical trial of our single-use sphincterotome and plasma radio frequency generator NW-100), we cannot obtain the preliminary clinical trial report from the clinical trial institutions. For the clinical trial of our single-use electrosurgical knife and plasma radio frequency generator (NW-100), the process of patient enrollment was delayed. In addition, we experienced mandatory cessations of our manufacturing, warehousing and logistics facilities in the first half of 2022 which had a negative impact on our product manufacturing and product delivery. We cannot guarantee the Recurrence of COVID-19 and the relevant government measures will not have a material and adverse impact on our business operations.

Although vaccines are becoming more widely available, there is a significant degree of uncertainty as to the efficacy of vaccines against existing and new variants of COVID-19, and lack of visibility as to the extent and duration of the COVID-19 pandemic and related slowdowns or economic trends. We are uncertain as to when the COVID-19 outbreak will be contained globally, and we also cannot predict whether COVID-19 will have long-term impact on our business operations. If we are not able to effectively and efficiently develop and commercialize our product candidates as planned, or we are not able to manage our sales and marketing activities for our products, we may not be able to grow our business and generate revenue from sales of our products and product candidates as anticipated, our business operations, financial condition and prospects may subsequently be materially and adversely affected.

In addition, any future occurrence of force majeure events, natural disasters or outbreaks of other epidemics and contagious diseases, including avian influenza, severe acute respiratory syndrome, H1N1 influenza (or swine flu) or the Ebola virus, may materially and adversely affect our business, financial condition and results of operations. Moreover, China has experienced natural disasters such as earthquakes, floods and droughts in the past few years. Any future occurrence of severe natural disasters in China may materially and adversely affect its economy and our business. We cannot assure you that any future occurrence of natural disasters or outbreaks of epidemics and contagious diseases or the measures taken by the Chinese government or other countries in response to such contagious diseases will not seriously disrupt our operations or those of our customers, which may materially and adversely affect our business, financial condition and results of operations.

Risks Associated with Directors, Supervisors and Employees Holding Multiple Positions in Different Companies

Currently, certain of our executive Directors, Supervisors and employees hold multiple positions including directors, supervisors and general partners in other companies, which may result in a conflict of interest as they may have limited time and attention to devote to their roles with us. This could lead to a lack of effective oversight and governance, which in turn could result in ineffective decision-making and negative impacts on us. Besides, for our executive Directors, Supervisors and employees who hold multiple positions, they may face conflicts of interest that could impact their judgment and decision-making as directors of the Company. If their work with other companies is in competition or conflict with our business, these conflicts could result in decisions that are not in the best interests of us and our shareholders. In addition, 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 research and development output, such as our Directors, Supervisors and employees, 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. We have implemented a policy that requires its directors to

disclose any potential conflicts of interest and to recuse themselves from any discussions or decisions where a conflict may arise. However, there can be no assurance that these measures will effectively mitigate the risks associated with directors holding multiple positions in different companies.

If we fail to implement our expansion strategies effectively, our business, financial condition and results of operations may suffer.

As part of our business strategy, we intend to continue to enrich our non-vascular interventional surgical solution offerings by expanding to more medical specialties and surgery types, aiming to cover all types of non-vascular interventional surgeries in different medical specialties. We also plan to enhance market penetration, especially single-use products, by increasing sales and marketing efforts globally and commercializing new products. For more details, see "Business — Business Strategies." Generally, we are subject to the following risks associated with our expansion strategy:

- significant demands on our management's time and attention and diversion of resources from our expansion may be costly and time-consuming and may require us to obtain third-party financing, which may not be available on commercially acceptable terms;

- uncertainties associated with the local rules and regulations which we may not be familiar with;

- failure to achieve the expected operating levels, target return on investment or intended benefits or operating synergies from new business opportunities; and/or

- our due diligence may not uncover all unknown or contingent liabilities or other negative developments with respect to acquired targets.

There is no assurance that our expansion strategies will be successful. To manage and support our growth, we may need to improve our existing operational and administrative systems, as well as our financial and management controls. If we fail to expand at our expected pace, we may face capacity constraints in the future which may adversely affect our business and financial condition. We also need to continue to properly maintain our relationships with our suppliers and customers. All of these endeavors will require substantial management attention and efforts and significant additional expenditures.

We cannot assure you that we will be able to manage any future growth effectively and efficiently, and any failure to do so may materially and adversely affect our ability to capitalize on new business opportunities, which in turn may have a material and adverse effect on our business, financial condition and results of operations.

Our future success depends on our ability to retain our executives, key personnel in research and development team and sales and marketing team, and to attract, retain and motivate qualified personnel.

Our business and growth depend on the continued service of our senior management and personnel in our R&D team to develop products and our sales and marketing team to promote our products. To incentivize valuable employees to remain at our Company, in addition to salary and cash incentives, we have granted equity interests to certain eligible 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, any of our employees could leave our employment at any time, with or without notice. The loss of the services of our executive officers or other key employees 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 or key employees 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. We also experience competition for the hiring of R&D and clinical personnel from universities and research institutions. These talents 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 may experience labor shortages or increases in labor costs.

Our success depends in part upon our ability to attract, motivate and retain a sufficient number of qualified employees. Increasing market competition may cause market demand and competition for qualified employees to intensify. If we face labor shortages or significant increases in labor costs caused by the intense competition, higher employee turnover rates, increases in wages or other employee benefit costs or changes to labor laws and regulations, our operating costs could increase significantly, which could materially and adversely affect our results of operations.

We cannot assure you that labor disputes will not occur between us and our employees in the future. If such incidents do occur, we may be subject to fines by relevant governmental authorities and may incur settlement costs in order to resolve labor disputes. In addition, we may become subject to higher labor costs in the future when recruiting new employees due to the reputational damage caused by labor disputes. Such potential incidents could disrupt our operations, harm our reputation and divert our management's attention, which may have a material and adverse effect on our business, financial condition and results of operations.

We have significantly increased the size and capabilities of our organization, and we may experience difficulties in managing our growth.

As our development and commercialization plans and strategies evolve, we need to recruit a significant number of additional managerial, R&D, manufacturing, sales, marketing, financial and other personnel. Our recent growth and any future growth will impose significant added responsibilities on members of management, including but not limited to:

- identifying, recruiting, integrating, maintaining and motivating additional employees;
- managing our internal development efforts effectively, including the clinical and regulatory authority review process for our 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 commercialize our products 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.

If we are not able to effectively manage our growth and further expand our organization by hiring new employees and expanding our groups of contractors as needed, we may not be able to successfully implement the tasks necessary to further develop and commercialize our products and, accordingly, may not achieve our research, development and commercialization goals.

If we engage in acquisitions or strategic partnerships, this may increase our capital requirements, dilute our Shareholders, 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. In particular, we expect to allocate approximately **[REDACTED]**, or **[REDACTED]**, of our **[REDACTED]** from the **[REDACTED]** towards potential acquisition and in-licensing opportunities, focusing on target companies with advanced technologies or R&D capabilities and companies with products that can achieve synergies with our product portfolio. For details, see "Business — Business Strategies — Selectively pursue strategic investments and acquisitions to integrate valuable assets and leading technologies," and "Future Plans and Use of **[REDACTED]** — Use of **[REDACTED]**." 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;
- the issuance of our equity securities;
- breach of the covenants under our loan agreements;
- assimilation of operations, intellectual property and products of an acquired company, including difficulties associated with integrating new personnel;
- the diversion of our management's attention from our existing product programs and initiatives in pursuing such a strategic merger or acquisition;
- retention of key employees, the loss of key personnel, and uncertainties in our ability to maintain key business relationships;
- risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and their existing products and product candidates and regulatory approvals; 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.

We may be unable to identify candidates suitable for acquisition or partnership, or even if we are able to, we cannot guarantee that we will be able to complete the transactions as intended. The acquisition of, or partnership with, high quality companies is a competitive area, with a growing number of companies also pursuing similar opportunities and strategies. These companies may have a competitive advantage over us in terms of their size, cash resources and clinical development and commercialization capabilities. In addition, companies that perceive us to be a competitor may be unwilling to partner with us or license or transfer intellectual property rights to us. We may fail to negotiate favorable terms for the acquisition or partnership, or at all, which may cause the opportunity to fall through.

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

If we fail to successfully integrate acquired businesses or assets into our own operations, our post-acquisition performance and business prospects may be adversely affected.

Since our inception in 2009, we have made acquisitions to expand our business. For example, we acquired 49.0% equity interest in Anqing Medical in 2016. Upon completion of several equity transfers in 2021 and 2022, as of the Latest Practicable Date, Anqing Medical became a wholly owned subsidiary of our Company. However, we may not be able to fulfill the contemplated purposes of the acquisition. These synergies are subject to business, economic and competitive uncertainties and contingencies, many of which are difficult to predict and are beyond our control. If we achieve the expected benefits, they may not be achieved within the anticipated time frame. Also, the synergies from our acquisition may be offset by costs incurred in the acquisition, increases in other expenses, operating losses or problems in the business unrelated to our collaboration. As a result, there can be no assurance that these synergies will be achieved.

Additionally, we may be subject to unforeseen liabilities in relation to our acquisitions. We may be unable to successfully increase the efficiencies of the acquired businesses in the manner we contemplated or devote more resources and management attention than desirable to the integration and management of the acquired businesses. Hence, there can be no guarantee that we will be able to enhance our post-acquisition performance or grow our business through our recent or future acquisitions.

Moreover, our future acquisition targets may not provide us with the intellectual property rights, technology, research and development capability, production capacity or sales and marketing infrastructure we had anticipated, or they may be subject to unforeseen liabilities. We may be unable to successfully increase the efficiencies of the acquired businesses in the manner we contemplated or devote more resources and management attention than desirable to the integration and management of the acquired businesses. Hence, there can be no guarantee that we will be able to enhance our post-acquisition performance or grow our business through our recent or future acquisitions.

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

We may from time to time become subject to various litigation, legal or contractual disputes, investigations or administrative proceedings arising in the ordinary course of our business, including but not limited to various disputes with or claims from our employees, shareholders, suppliers, customers, contractors, business partners and other third parties that we engage for our business operations. On-going or threatened litigation, legal or contractual disputes, investigations or administrative proceedings may divert our management's attention and consume their time and our other resources. For example, as a response to certain patent claims filed by the Group against him and a leverage to negotiate the lifting of his obligations, Mr. ZHOU Zhenhua, a minority shareholder of Anqing Medical, filed a series of lawsuits since 2019 against us and Mr. Yan, alleging unfair competition, violation of non-compete obligations and claiming for invalidation of certain share transfers. As of the Latest Practicable Date, all of these lawsuits were either closed, dismissed by the competent court or settled by the parties involved, and there was no ongoing dispute between the Group, Mr. Yan and Mr. ZHOU Zhenhua. 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 relevant 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.

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 in China that generally prohibit companies and their intermediaries from making payments to government officials for the purpose of obtaining or retaining business or securing any other improper advantage. As our business expands, the applicability of the applicable anti-bribery laws to our operations has increased. Although we have policies and procedures designed to ensure that we, our employees, our agents or any persons working on our behalf comply with anti-bribery laws, there is no assurance that such policies or procedures will prevent them from engaging in bribery activities and our procedures and controls to monitor compliance with anti-bribery law may fail to protect us from reckless or criminal acts committed by our employees or agents. If we fail to comply with the applicable anti-bribery laws due to either our own deliberate or inadvertent acts or those of others, our reputation could be harmed and we could incur criminal or civil penalties, other sanctions and/or significant expenses, which could have a material adverse effect on our business, including our financial condition, results of operations, cash flows and prospects.

Changes in international trade or investment policies and barriers to trade or investment, the ongoing trade conflict and the emergence of a trade war between the U.S. and China may have an adverse effect on our business and expansion plans.

International market conditions and the international regulatory environment have historically been affected by competition among countries and geopolitical frictions. Changes to trade policies, treaties and tariffs, or the perception that these changes could occur, could adversely affect the financial and economic conditions in the jurisdictions in which we operate, as well as our overseas expansion, our financial condition and results of operations. During the Track Record Period, the U.S. government advocated greater restrictions on international trade generally and significant increases on tariffs on certain goods imported into the U.S., particularly from China, and has taken steps toward restricting trade in certain goods. In response to this, China and other countries have retaliated, and may further retaliate, in response to new trade policies, treaties and tariffs implemented by the U.S. government. Such retaliatory measures may further escalate the tensions between the countries or even lead to a trade war. Any escalation in trade tensions or a trade war, or the perception that such escalation or trade war could occur, may have negative impact on the economies of not merely the two countries concerned, but the global economy as a whole. These trade tensions between China and the United States may continue and could intensify in the future, and the U.S. government could adopt a more drastic trade policy against China.

Although we had not yet been materially impacted by the trade conflicts between the U.S. and China, if any of the foregoing occurs, our exports to and imports from the U.S. may be subject to punitive tariffs and other restraints in the future, which could adversely affect our business, financial condition and results of operations.

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

We maintain insurance policies that are required under PRC laws and administrative 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 business interruption insurance or key man liability insurance. However, we cannot assure you that our insurance coverage is sufficient to cover all of our risk exposure and prevent us from any loss, or that we will be able to successfully claim our losses under our current insurance policies on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or if the insured amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected. Any liability or damage to, or caused by, our facilities or our personnel beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources. See "Business — Insurance" for details of our insurance policies.

Our leasehold interests in leased properties have not been registered with the relevant PRC governmental authorities as required by relevant PRC laws. The failure to register leasehold interests may expose us to potential fines.

We have not registered six of our leased properties with the relevant government authorities. Under the relevant PRC laws and regulations, we are required to register and file executed leases with the relevant government authority. The failure to register the lease agreements for our leased properties will not affect the validity of these lease agreements, but the competent housing authorities may order us to register the lease agreements in a prescribed period of time and impose a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease if we fail to complete the registration within the prescribed time frame. The maximum penalty that we may be liable for in relation to the failure of registering lease agreements during the Track Record Period would be approximately RMB30,000.

Any failure to comply with the PRC regulations regarding mandatory social insurance and housing fund contributions may subject us to fines and other legal or administrative sanctions.

According to the Social Insurance Law (《中華人民共和國社會保險法》) which was last amended on December 29, 2018 and other applicable PRC regulations, any employer operating in China must contribute a social insurance premium for each of its employees. Any failure to make timely and adequate contribution of social insurance premium for any of its employees may trigger an order of correction from the relevant authority requiring the employer to make up the full contribution of such overdue social insurance premium, and the competent authority may further impose fines or penalties if correction is not made within a specified period of time. According to the Regulation on the Administration of Housing Accumulation Funds (《住房公積金管理條例》), as amended in 2002 and 2019, if the employer fails to make timely and adequate contribution of housing fund, the relevant housing fund authority may order it to pay outstanding contributions within a prescribed time limit. The amount we are required to contribute for each of our employees under the social insurance premium and housing provident fund should be calculated based on the employee's actual salary level of previous year, and be subject to a minimum and maximum level as from time to time prescribed by local authorities.

We have in the past failed to make full contribution of social insurance premium and housing fund for certain employees. Accordingly, we made provisions of RMB0.9 million as of December 31, 2022 in connection with the shortfall amount of the social insurance and housing provident fund contribution during the Track Record Period. Although no competent government authorities had imposed administrative action, fine or penalty on us as of the Latest Practicable Date, we cannot assure you that no fine or penalty will be imposed on us in this regard in the future.

Security breaches, loss of data, and other disruptions could compromise sensitive information related to our business or prevent us from accessing critical information and expose us to liability, which could adversely affect our business and our reputation.

In the ordinary course of our business, we collect and store sensitive data, including protected health information, personally identifiable information, financial information, intellectual property, and proprietary business information owned or controlled by ourselves, our customers or other parties. We manage and maintain our applications and data using on-site systems. These applications and data encompass a wide variety of business-critical information, including research and development information, commercial information, and business and financial information. We face a number of risks relating to protecting such critical information, including loss of access risk, inappropriate use or disclosure, inappropriate modification, and the risk of our being unable to adequately monitor, audit, and modify our controls over our critical information.

The secure processing, storage, maintenance, and transmission of our critical information are vital to our operations and business strategy, and we devote significant resources to protecting such information. Although we take measures to protect sensitive data from unauthorized access, use or disclosure, our information technology and infrastructure may be vulnerable to attacks by hackers or viruses or be breached due to employee error, malfeasance, or other malicious or inadvertent disruptions. In addition, while we have implemented security measures to prevent unauthorized access to sensitive data, such data is currently accessible through multiple channels, and there is no guarantee we can protect our data from breach. Unauthorized access, loss, or dissemination could also result in delays of our services, product development and commercialization, including our ability to conduct research and development activities, collect, process and prepare company financial information, provide information about patient and physician education and outreach efforts through our website, and manage the administrative aspects of our business, as well as damage our reputation. Any unauthorized access, loss, disclosure, dissemination, or use of such information could also result in legal claims or proceedings, liabilities under PRC laws and regulations in relation to the protection of personal information and cyber security as well as those specifically governing patient and medical data. We cannot guarantee that any internal systems we may establish or maintain for the safekeeping and protection of relevant personal healthcare data will effectively safeguard against any and all unauthorized access, loss, disclosure, dissemination, or use thereof. Any failure to comply with above-mentioned regulation would result in administrative liabilities including but not limited to informed criticism.

Product and professional liability claims or lawsuits could cause us to incur substantial liabilities.

We face an inherent risk of product and professional liability as a result of the commercialization of our products, the clinical testing and any future commercialization of our product candidates in China and globally. For example, we may be sued if our products or product candidates cause or are perceived to cause injury, fail to deliver required testing results or are found to be otherwise unsuitable during clinical testing, manufacturing, marketing or sale. Such product and professional liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the medical device product, improper handling or transportation of products, negligence, strict liability or a breach of warranties. Claims could also be asserted under applicable consumer protection laws and legislations. Patients may also initiate legal proceedings against hospitals and us, and the hospitals may claim, with or without merit, that our products have latent defects. If we cannot successfully defend ourselves against or obtain indemnification from our collaborators for product and professional liability claims, we may incur substantial liabilities or be required to limit, suspend or terminate the

commercialization of our products and product candidates and provision of our services. Defending such claims, even if we are able to succeed in doing so, would require significant financial and management resources. Regardless of the merits and eventual outcome, liability claims may result in:

- decreased demand for our products;
- 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 compensation made to trial participants or subjects, product recalls, withdrawals or labeling, marketing or promotional restrictions;
- loss of revenue;
- exhaustion of any available insurance and our capital resources;
- the inability to commercialize any product candidate; and/or
- a decline in our Share price.

If we are unable to obtain sufficient product and professional liability insurance at an acceptable cost, potential product and professional liability claims could prevent or inhibit the commercialization of our products and product candidates. Our insurance policies may also have various exclusions, and we may be subject to product and professional liability claims for which we have no coverage. We may have to pay any amounts decided 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 unable to obtain, sufficient capital to pay such amounts. Even if our agreements with future collaborators may entitle us to indemnification against losses, such indemnification may not be available or adequate should any claim arise.

Our employees, third-party suppliers and business partners may engage in misconduct or other improper or illegal activities, including non-compliance with regulatory standards and requirements.

We are exposed to risks of fraud or other misconduct by our employees, third-party suppliers and business partners. Misconduct by these parties could include intentional failures to comply with the regulations of the NMPA and overseas regulators that have jurisdiction over us, comply with fraud and abuse laws and regulations in China and abroad, report financial information or data accurately or disclose unauthorized activities to us. In particular, sales, marketing, and business arrangements in the medical device industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Such misconduct could also involve the improper use of information, including sensitive information such as personal data and other private information, obtained in the course of clinical studies, which could result in regulatory sanctions and cause serious harm to our reputation. We provide training to our employees on a regular basis, but it is not always possible to identify and deter employee misconduct, and the precautions we take to detect and prevent such conduct may not be effective in controlling unknown or unmanaged risks or losses, or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could result in the imposition of significant civil, criminal and administrative penalties, including, without limitation, damages, monetary fines, individual imprisonment, disgorgement of profits, contractual damages, reputational harm, diminished profits and future earnings, additional reporting or oversight obligations if we become subject to a corporate integrity agreement or other agreement to resolve allegations of non-compliance with the law and curtailment or restructuring of our operations, which could have a significant impact on our business. Whether or not we are successful in defending against such actions or investigations, we could incur substantial costs, including legal fees and the diversion of management's attention and resources to defend ourselves against any of these claims or investigations.

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 required to obtain, maintain and renew various permits, licenses and certificates. They 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, which could adversely affect our operating results.

In addition, we may have disputes with our employees, third-party suppliers and business partners due to such misconduct or for other reasons, such as quality of products or services provided by these third-parties, which may result in the suspension or termination of supply of products or services to us, suspension or termination of certain of our production or research and development activities, litigation or arbitrations, contractual damages and other payments by us, other liabilities, write-offs of expenditures or receivables, and other negative impacts on our business operations, and such results may have a material adverse effect on our business, financial condition and results of operations.

We may be subject, directly or indirectly, to applicable anti-kickback, false claims laws, doctor 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.

Doctors and other healthcare providers play a primary role in the recommendation and use of any products for which we obtain regulatory approval. Our operations are subject to various applicable anti-kickback, false claims laws, doctor payment transparency laws, fraud and abuse laws or similar healthcare and security laws and regulations in China, such as the Criminal Law of the PRC, 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》). These laws may impact, among other things, our proposed sales, marketing and education programs. In addition, we may be subject to personal privacy regulation. Violations of fraud and abuse laws may be punishable by criminal, civil and/or administrative sanctions, including penalties, fines and/or exclusion or suspension from governmental healthcare programs and debarment from contracting with the PRC government. Furthermore, there are ambiguities as to what is required to comply with certain requirements, and if we fail to comply with an applicable law requirement, we could be subject to penalties.

If any of the doctors or other healthcare providers or entities with whom we do business are found to be non-compliant with applicable laws, they may be subject to criminal, civil and/or administrative sanctions, including exclusions from government funded healthcare programs, which may also adversely affect our business.

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

We are subject to numerous environmental, health and safety laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. Our manufacturing of certain products for research and development or commercialization purposes may involve the use of hazardous and flammable chemical materials such as sulfuric acid, nitric acid, hydrogen peroxide, sodium hydroxide, hexamethylenetetramine and ethanol, and may produce hazardous waste including biochemical waste liquid, laboratory coating solution, laboratory waste packaging and laboratory waste activated carbon. Moreover, our single-use medical endoscopes may generate more medical waste than reusable medical endoscopes upon disposal at the end of their life cycle. For additional information regarding our compliance with respect to health and work safety laws, rules and regulations, please refer to "Business — ESG Measures" in this document.

Our operations may involve the use of hazardous materials, including chemicals. Our operations may also produce hazardous waste products. 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 or our or third parties' disposal of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources. Additionally, if there are any changes in social trends or political policies relating to the utilization of the above mentioned hazardous and flammable chemical materials or manufacturing of single-use products, it may have material adverse effect on our business and reputation. We also could incur significant costs associated with civil or criminal fines and penalties.

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

Negative publicity and allegations involving us, our Shareholders, Directors, officers, employees and business partners may affect our reputation and, as a result, our business, financial condition and results of operations may be negatively affected.

We, our Shareholders, Directors, officers, employees and business partners may be subject to negative media coverage and publicity from time to time. Such negative media coverage and publicity could threaten our reputation. In addition, to the extent our employees and business partners were non-compliant with any laws or regulations, we may also suffer negative publicity or harm to our reputation. 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 dispel them to the satisfaction of our **[REDACTED]** and customers.

If we fail to maintain or implement an effective internal control system, our financial reporting accuracy and our stock price may be adversely affected.

If we fail to maintain or implement an effective internal control system over financial reporting, we could suffer material misstatements in our financial statements and fail to meet our reporting obligations, which would likely cause **[REDACTED]** to lose confidence in our reported financial information. This could, in turn, limit our access to capital markets, harm our results of operations and lead to a decline in the **[REDACTED]** price of our Shares. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential penalties, regulatory investigations and civil or criminal sanctions.

We are subject to the risks of doing business globally.

Because we operate in China and other countries, our business is subject to risks associated with doing business globally. Accordingly, our business and financial results in the future could be adversely affected due to a variety of factors, including changes in a specific country's or region's political and cultural climate or economic condition, unexpected changes in laws and regulatory requirements in local jurisdictions, difficulty of effective enforcement of contractual provisions in local jurisdictions, inadequate intellectual property protection in certain countries, enforcement of anti-corruption and anti-bribery laws, trade-protection measures, import or export licensing requirements and fines, penalties or suspension or revocation of export privileges, the effects of applicable local tax regimes and potentially adverse tax consequences, and significant adverse changes in local currency exchange rates.

Tensions and political concerns between China and certain foreign countries or regions may affect the prospects of our relationship with third parties, such as customers, suppliers, and global partners, and therefore adversely affect our business, financial condition, results of operations, cash flows and prospects. There can be no assurance that our existing or potential overseas customers and suppliers, and global 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 other countries or regions. Furthermore, in the event that China, the U.S. and/or other countries impose import tariffs, trade restrictions or other trade barriers affecting the importation of raw materials, we may not be able to obtain a steady supply of necessary components or raw materials, at competitive prices, and our business and operations may be materially and adversely affected.

RISKS RELATING TO DOING BUSINESS IN THE PRC

Adverse changes in political, economic and other policies of the Chinese government could have a material adverse effect on the overall economic growth of China, which could reduce the demand for our products; and could otherwise materially and adversely affect our business, operations or competitive position.

A substantial amount of our business, assets, operations and revenues are located in or derived from our operations in China and, as a result, our business, financial condition, results of operations and prospects are significantly affected by economic, political and legal developments in China. The Chinese economy differs from the economies of most developed countries in many respects, including but not limited to:

- the extent of government involvement;
- the level of development;
- the growth rate;
- the control of foreign exchange;
- the allocation of resources;
- an evolving regulatory system; and
- the level of transparency in the regulatory process.

Although China has experienced rapid economic growth over the past decades, its continued growth has slowed since the second half of 2008. There is no assurance that future growth will be sustained at similar rates or at all. The Chinese government implements various measures intended to encourage economic growth and guide the allocation of resources. These measures may include differential policies towards specific groups of biotechnology companies, which may have an adverse effect on us. Our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations that are applicable to us. Further, any adverse change in the economic conditions or government policies in China could have a material adverse effect on overall economic growth and the level of healthcare investments and expenditures in China, which in turn could lead to a reduction in demand for our products and consequently have a material adverse effect on our business.

The Chinese economy has been transitioning from a planned economy to a more market-oriented economy. Although the Chinese government has implemented reform measures allowing for an increasingly market-based economy, reduced state ownership of productive assets and established sound corporate governance practices in business enterprises, a substantial portion of the productive assets in China is owned by the Chinese government. The continued control of these assets and other aspects of the national economy by the Chinese government could materially and adversely affect our business. The Chinese government also exercises significant control over Chinese economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

Changes and developments in China's economic, political and social conditions could adversely affect our financial condition 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.

In 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 four 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.

You may experience difficulties in effecting service of legal process and enforcing judgments against us and our management.

We are a joint stock company incorporated under the laws of the PRC with limited liability, and a substantial amount of our assets are located in the PRC. In addition, a majority of our Directors and Supervisors and all of our senior management personnel reside within the PRC, and substantially all of their assets are located within the PRC. As a result, it may not be possible to effect service of process within the United States or elsewhere outside the PRC upon us or most of our Directors, Supervisors and senior management personnel. Furthermore, the PRC does not have treaties providing for the reciprocal enforcement of judgments of courts with the United States, the United Kingdom, Japan and many other countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, recognition and enforcement in the PRC or Hong Kong of court judgments obtained in the United States and any of the other jurisdictions mentioned above may be difficult or impossible.

On July 14, 2006, the Supreme People's Court of the PRC and the government of the Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by Courts of the Mainland and the Hong Kong Special Administration 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 "**2006 Arrangement**"). Under the 2006 Arrangement, where any designated PRC court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case pursuant to a choice of court agreement in writing, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgment. It is not possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute have not agreed to enter into a choice of court agreement in writing. In addition, the 2006 Arrangement expressly provided for the requirements of an "enforceable final judgement," "specific legal relationship" and "written form." A final judgement that does not comply with the 2006 Arrangement may not be recognized and enforced in a PRC court.

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

Dividends payable to investors and gains on the sale of our H Shares by our investors are subject to PRC tax.

Under applicable PRC tax laws, regulations and statutory documents, non-PRC resident individuals and enterprises are subject to different tax obligations with respect to dividends received from us or gains realized upon the sale or other disposition of our H Shares. Non-PRC individuals are generally subject to PRC individual income tax under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) with respect to PRC-sourced income or gains at a rate of 20% unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. We are required to withhold related tax from dividend payments. Pursuant to applicable regulations, domestic non-foreign-invested enterprises issuing shares in Hong Kong may generally, when distributing dividends, withhold individual income tax at the rate of 10%. However, withholding tax on distributions paid by us to non-PRC individuals may be imposed at other rates pursuant to applicable tax treaties (and up to 20% if no tax treaty is applicable) if the identity of the individual holder of H shares and the tax rate applicable thereto are known to us. There is uncertainty as to whether gains realized upon disposition of H shares by non-PRC individuals are subject to PRC individual income tax.

Non-PRC resident enterprises that do not have establishments or premises in the PRC, or that have establishments or premises in the PRC but their income is not related to such establishments or premises, are subject to PRC EIT at the rate of 10% on dividends received from PRC companies and gains realized upon disposition of equity interests in the PRC companies pursuant to the EIT Law and other applicable PRC tax regulations and statutory documents, which may be reduced or eliminated under special arrangements or applicable treaties between the PRC and the jurisdiction where the non-resident enterprise resides. Pursuant to applicable regulations, we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including **[REDACTED]**). Non-PRC resident enterprises that are entitled to be taxed at a reduced

rate under an applicable income tax treaty will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' verification. As of the Latest Practicable Date, there were no specific rules on how to levy tax on gains realized by non-resident enterprise holders of H shares through the sale or transfer by other means of H shares.

There remains significant uncertainty as to the interpretation and application of the relevant PRC tax laws by the PRC tax authorities, including whether and how individual income tax or EIT on gains derived by holders of our H Shares from their disposition of our H Shares may be collected. If any such tax is collected, the value of our H Shares may be materially and adversely affected.

We are subject to PRC governmental controls on currency conversion, and the fluctuation of the Renminbi exchange rate may materially and adversely affect our business and our ability to pay dividends to holders of H shares.

A substantial majority of our revenue is and will be denominated in Renminbi, which is currently not a fully freely convertible currency. A portion of our revenues may be converted into other currencies in order to meet our foreign currency obligations. For example, we need to obtain foreign currency to make payments of declared dividends, if any, on our H Shares.

Under China's existing laws and regulations on foreign exchange, following the completion of the **[REDACTED]**, we will be able to make dividend payments in foreign currencies by complying with certain procedural requirements and without prior approval from SAFE. However, in the future, the PRC government may, at its discretion, take measures to restrict access to foreign currencies for capital account and current account transactions under certain circumstances. As a result, we may not be able to pay dividends in foreign currencies to holders of our H Shares.

The value of the Renminbi against the U.S. dollar and other currencies fluctuates from time to time and is affected by a number of factors, such as changes in China's and international political and economic conditions and the fiscal and foreign exchange policies prescribed by the PRC government. From 1994 until July 2005, the conversion of the Renminbi into foreign currencies in the PRC, including the Hong Kong dollar and U.S. dollar, had been based on fixed rates set by the PBOC. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to the U.S. dollar where the Renminbi is permitted to fluctuate in a regulated band that is based on reference to a basket of currencies determined by the PBOC. On June 19, 2010, the PBOC announced that it intends to further reform the Renminbi exchange rate regime by enhancing the flexibility of the Renminbi exchange rate. Following this announcement, the Renminbi had appreciated from approximately RMB6.83 per U.S. dollar to RMB6.12 per U.S. dollar as of June 15, 2015. On August 11, 2015, the PBOC further enlarged the

floating band for trading prices in the interbank spot exchange market of Renminbi against the U.S. dollar to 2.0% around the closing price in the previous trading session, and the Renminbi depreciated against the U.S. dollar by approximately 1.9% as compared to August 10, 2015, and further depreciated nearly 1.6% on the next day. On November 30, 2015, the Executive Board of the International Monetary Fund completed the regular five-year review of the basket of currencies that make up the special drawing rights and decided that with effect from October 1, 2016, the Renminbi is determined to be a freely useable currency and will be included in the special drawing rights basket as a fifth currency. With the development of foreign exchange market and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further reforms to the exchange rate system, and the Renminbi could appreciate or depreciate significantly in value against the Hong Kong dollar or the U.S. dollar in the future.

The **[REDACTED]** from the **[REDACTED]** 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 **[REDACTED]** from the **[REDACTED]**. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our H Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Any of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our H Shares in foreign currency terms.

Holders of H Shares may be subject to PRC taxation.

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

Under applicable PRC tax laws, the dividends we pay to, and gains realized through the sale or transfer by other means of H shares by, non-PRC resident enterprise holders of H shares ("**non-resident enterprise holders**") are both subject to PRC EIT tax at a rate of 10%, unless reduced by applicable tax treaties or arrangements. Pursuant to the Arrangements between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) dated August 21, 2006, any non-resident enterprise registered in Hong Kong that holds directly at least 25% of the shares of our Company shall pay EIT for the dividends declared and paid by us at a tax rate of 5%.

For non-resident individual holders, gains realized through the transfer of properties are normally subject to PRC individual income tax at a rate of 20%. However, according to the Circular of the Ministry of Finance and the STA on Issues Concerning Income of Individuals Tax Policies (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》), income received by individual foreigners from dividends and bonuses of a foreign-invested enterprise are exempt from individual income tax for the time being. According to the Circular Declaring that Individual Income Tax Continues to Be Exempted over Individual Income from Transfer of Shares issued by the STA (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) effective as of March 30, 1998, income from individuals' transfer of stocks of listed companies continued to be temporarily exempt from individual income tax. On February 3, 2013, the State Council approved and promulgated the Notice of Suggestions to Deepen the Reform of System of Income Distribution (《國務院批轉發展改革委等部門關於深化收入分配制度改革若干意見的通知》). On February 8, 2013, the General Office of the State Council promulgated the Circular Concerning Allocation of Key Works to Deepen the Reform of System of Income Distribution (《國務院辦公廳關於深化收入分配制度改革重點工作分工的通知》). According to these two documents, the PRC government is planning to cancel foreign individuals' tax exemption for dividends obtained from foreign-invested enterprises, and the Ministry of Finance and the STA should be responsible for making and implementing details of such plan. However, relevant implementation rules or regulations have not been promulgated by the Ministry of Finance or the STA.

Pursuant to the Circular of the STA on Issues Relating to the Withholding and Remitting of Enterprise Income Tax by PRC Resident Enterprises on Dividends Distributed to Overseas Non-Resident Enterprise Shareholders of H Shares (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by the STA, on November 6, 2008, we intend to withhold tax at 10.0% from dividends payable to non-PRC resident enterprise holders of H shares (including **[REDACTED]**). Such withholding tax can be reduced or waived based on applicable tax treaties or arrangement. There are uncertainties regarding the interpretation and implementation of the EIT Law and its implementing rules by the PRC tax authorities, including whether and how EIT on gains derived upon sale or other disposition of H shares will be collected from non-PRC resident enterprise holders of H shares. If such tax is collected in the future, the value of such non-PRC resident enterprise holders' **[REDACTED]** in H shares may be materially and adversely affected.

Considering these uncertainties, non-resident holders of our H Shares should be aware that they may be obligated to pay PRC income tax on the dividends and gains realized through **[REDACTED]** of the H Shares. Please refer to "Appendix III — Taxation and Foreign Exchange."

Any possible conversion of our Unlisted Shares into H Shares in the future could increase the supply of our H Shares in the market and negatively impact the* [REDACTED] *of our H Shares.

Subject to the approval of the State Council securities regulatory authority, all of our Unlisted Shares may be converted into H Shares, and such converted Shares may be **[REDACTED]** on an overseas stock exchange. Any **[REDACTED]** of the converted Shares on an overseas stock exchange shall also comply with the regulatory procedures, rules and requirements of such stock exchange. No class shareholder voting is required for the **[REDACTED]** of the converted Shares on an overseas stock exchange. However, the PRC Company Law provides that in relation to the **[REDACTED]** of a company, the shares of that company which are issued prior to the **[REDACTED]** shall not be transferred within one year from the date of the **[REDACTED]**. Therefore, upon obtaining the requisite approval, shares currently held on our Unlisted Share register may be **[REDACTED]**, after the conversion, in the form of H Shares on the Stock Exchange after one year of the **[REDACTED]**, which could further increase the supply of our H Shares in the market and could negatively impact the market price of our H Shares.

RISKS RELATING TO THE [REDACTED]

No public market currently exists for our H Shares, and an active* [REDACTED] *market for our H Shares may not develop.

No public market currently exists for our H Shares. The initial **[REDACTED]** for our H Shares to the **[REDACTED]** will be the result of negotiations between our Company and the **[REDACTED]** (on behalf of the **[REDACTED]**), and the **[REDACTED]** may differ significantly from the **[REDACTED]** of the H Shares following the **[REDACTED]**. We have applied to the Stock Exchange for the **[REDACTED]** of, and permission to **[REDACTED]**, the H Shares. A **[REDACTED]** on the Stock Exchange, however, does not guarantee that an active and liquid **[REDACTED]** market for our H Shares will develop, or if it does develop, that it will be sustained following the **[REDACTED]**, or that the market price of the H Shares will rise following the **[REDACTED]**.

***The* [REDACTED] *and* [REDACTED] *of our H Shares may be volatile, which could result in substantial losses for* [REDACTED] *who purchase our H Shares in the* [REDACTED].**

The **[REDACTED]** and **[REDACTED]** of our H Shares may be highly volatile. Several factors, some of which are beyond our control, such as variations in our revenue, earnings and cash flow, strategic alliances, the addition or departure of key personnel, litigation, the removal of the restrictions on H share transactions or volatility in market prices and changes in the demand for our products, could cause large and sudden changes to the **[REDACTED]** and **[REDACTED]** at which our H Shares will **[REDACTED]**. The Stock Exchange and other securities markets have,

from time to time, experienced significant price and **[REDACTED]** volatility that are not related to the operating performance of any particular company. This volatility may also materially and adversely affect the **[REDACTED]** of our H Shares.

A future significant increase or perceived significant increase in the* [REDACTED] *of our H Shares in* [REDACTED] *could cause the* [REDACTED] *of our H Shares to decrease significantly and/or dilute shareholdings of holders of H Shares.

The **[REDACTED]** of our H Shares could decline as a result of future **[REDACTED]** of a substantial number of our H Shares or other securities relating to our H Shares in the **[REDACTED]**, or the **[REDACTED]** of new shares or other securities, or the perception that such **[REDACTED]** or **[REDACTED]** may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future **[REDACTED]**, could also materially and adversely affect our ability to raise capital at a specific time or on terms favorable to us. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares. Alternatively, if we meet such funding requirements by way of additional debt financing, we may have restrictions placed on us through such debt financing arrangements which may:

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

Since there will be a gap of several days between* [REDACTED] *and* [REDACTED] *of our H Shares, holders of our H Shares are subject to the risk that the* [REDACTED] *of our H Shares could fall during the period before* [REDACTED] *of our H Shares begins.

The initial **[REDACTED]** to the public of our H Shares sold in the **[REDACTED]** is expected to be determined on the **[REDACTED]**. However, the H Shares will not commence **[REDACTED]** on the Stock Exchange until they are delivered, which is expected to be several business days after the **[REDACTED]**. As a result, **[REDACTED]** may not be able to **[REDACTED]** or otherwise **[REDACTED]** the H Shares during that period. Accordingly, Shareholders are subject to the risk that the **[REDACTED]** of the H Shares when **[REDACTED]** begins could be lower than the **[REDACTED]** as a result of adverse market conditions or other adverse developments that may occur between the time of **[REDACTED]** and the time **[REDACTED]** begins.

Our Controlling Shareholder has substantial control over the Company and their interests may not be aligned with the interests of the other Shareholders.

Immediately following the completion of the **[REDACTED]**, our Controlling Shareholder will be entitled to exercise voting rights of **[REDACTED]** of the total issued share capital of our Company. The interests of our Controlling Shareholder may differ from the interests of our other Shareholders. Our Controlling Shareholder could have significant influence in determining the outcome of any corporate transaction or other matters submitted to our Shareholders for approval. This concentration of ownership, as a result, may discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for their Shares in a sale of our Company or may reduce the **[REDACTED]** of our H Shares. In addition, to the extent the interests of our Controlling Shareholder conflict with the interest of our other Shareholders, the interests of our other Shareholders may be disadvantaged or harmed.

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

Potential **[REDACTED]** will pay a **[REDACTED]** per H Share in the **[REDACTED]** that substantially exceeds the per H Share **[REDACTED]** of our tangible assets after subtracting our total liabilities as of December 31, 2022. Therefore, **[REDACTED]** of our H Shares in the **[REDACTED]** will experience a substantial immediate dilution in **[REDACTED]** net tangible assets, and our existing Shareholders will receive an increase in the **[REDACTED]** adjusted net tangible assets per Share on their Shares. As a result, if we were to distribute our net tangible assets to the Shareholders immediately following the **[REDACTED]**, potential **[REDACTED]** would receive less than the amount they paid for their H Shares. See "Appendix II — Unaudited **[REDACTED]** Financial Information."

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

Certain facts, statistics and data contained in this document relating to the PRC, Hong Kong and the industries in which we operate have been derived from various official government publications, industry associations, independent research institutes and/or other third party reports we generally believe to be reliable. While we have taken reasonable care in the reproduction of the information, it has not been prepared or independently verified by us, the **[REDACTED]** or any of our or their respective affiliates or advisors, and we cannot guarantee the quality or reliability of such source materials. Therefore, we make no representation as to the accuracy of such statistics, which may not be consistent with other information compiled within or outside the PRC and Hong Kong. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such statistics in this document may be inaccurate or may not be comparable to statistics produced with respect to other economies. Furthermore, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. In all cases, you should give due consideration as to how much weight or importance should be attached to or placed on such facts, statistics and data.

Payment of dividends is subject to restrictions under the PRC law and there is no assurance whether and when we will pay dividends.

No dividend has been paid or declared by the Company during the Track Record Period. Under the applicable PRC laws, the payment of dividends may be subject to certain limitations. The calculation of our profit under applicable accounting standards differs in certain respects from the calculation under IFRS. As a result, we may not be able to pay a dividend in a given year even if we were profitable as determined under IFRS. Our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the PRC laws and regulations and requires approval at our shareholders' meeting. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution.

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

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